

No escape:  
the millennium  
crisis has  
already begun



End Game: spot  
the clues in  
part 2 of our  
seasonal story



A playwright  
in search  
of a full  
evening's agony



Smoke-free,  
muscles toned,  
but going out  
of my mind

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# Launch of the euro brings renewed dispute over tax

By Wolfgang Münchau in Frankfurt, Peter Norman in Brussels, Owen Robinson in Sydney and Amy Louise Kazmin in New Delhi

More than 30,000 people yesterday joined a street party on the lawn in front of the European Central Bank in Frankfurt to celebrate the launch of the euro and first economic union in Europe since the Roman Empire.

However, the launch of the single currency was accompanied by a fresh row between the UK on one side and France and Germany on the other over the decision-making power of euro-zone countries and tax harmonisation.

London indicated its difficulty with comments by Günther Verheugen, Germany's minister for Europe, that "target zones" for corporation tax could ease problems of unfair tax competition. It also challenged a French statement that euro-zone finance ministers would become the "economic government of Europe".

The exchange rates of the 11 participating western European countries were fixed irrevocably at the start of the new year, marking the final stage of more than 10 years' intensive preparation on a project proposed nearly 30 years ago and creating an economic and monetary union for 290m people.

Following an unprecedented transfer of economic sovereignty, Austria, Belgium, Finland,

France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain now share a common currency, central bank and short-term interest rate of 3 per cent.

European leaders hailed the birth of the euro as a milestone in the history of European integration. Gerhard Schröder, German chancellor, said in his New Year address that Emu would make it impossible for countries "to go it alone in economic and financial policies". He also proposed a Europe-wide jobs pact.

Several EU finance ministers, at a ceremony to fix the rates in Brussels, predicted that the euro would rank alongside the dollar as a world currency and give the EU a stronger voice in international affairs.

Trading in euros and euro-denominated assets will start at 8am on Monday in Australia, which is 7pm tomorrow in western Europe and 6pm in the UK. It will be joined later by Tokyo, Singapore and Hong Kong, but "the show really won't take off until Europe comes on late in the afternoon", said one Sydney trader.

The consensus among Australian traders was that when trading starts the spread between buy and sell rates would be 20 basis points, narrowing to 5 basis points when trading begins in Europe. A basis point is one hundredth of a percentage point.

However, competing claims for the first euro trades abounded, with an Indian public-sector bank purchasing 65m at a rate of \$1.173-\$1.174 yesterday. Some London currency dealers, meanwhile, said a handful of transactions in the new currency had been conducted earlier in the week through the Electronic Broking System.



Euro good health? Wim Duisenberg, European Central Bank president (left), toasts the advent of the single currency with France's finance minister Dominique Strauss-Kahn (right) and Luxembourg's Jean-Claude Juncker.

## Big day loses its fizz as traders sit it out

By George Graham in London and Samir Iskander in Paris

Brian Martin, currency strategist at Barclays Capital, the UK investment bank, kept his head down yesterday as he worked on his analysis of the euro. Behind him, blue rubber balls flew thick and fast across the bank's almost deserted trading floor - more usually buzzing with the sound of money changing hands.

The stress relief balls were handed out to every trader by Barclays' European Monetary Union conversion managers. But the handful of traders working on New Year's Day in the bank's Canary Wharf offices in London's docklands were more interested in relieving boredom than stress.

For a few Emu project managers, this weekend is a frantic race to convert balances, redenominate securities portfolios and adapt computer systems in time for the start of trading in the new European currency on Monday.

Joanna Meager, head of the Emu team at Salomon Smith Barney in London, clocked in at 2am yesterday and worked until 7pm. After a short sleep in a nearby hotel, she was due to start work again at 11pm yesterday.

But for many bank staff involved in some aspect of the euro conversion, the weekend has meant sitting around, with only rare bursts of activity.

In Paris, the conversion weekend has even been a festive affair. Staff at Banque Nationale de Paris saw in the new year with a feast of foie gras, smoked salmon and champagne.

But in London, the midnight birth of the euro was greeted without fizz.

Frankfurt bankers took a similarly austere approach. "No one celebrated here last night. The champagne cork will pop on January 5 - if everything has gone well," said Zbynek Sokolovsky, Dresdner Bank's euro planning director.

# China condemns US report on rocket technology

By James Kyng in Beijing

China yesterday denounced as "sheer fabrication" a US congressional committee report that claimed the country had acquired valuable American technology with possible military applications as a result of conducting commercial satellite launches for US companies.

Zou Bingzuo, China's foreign ministry spokesman, said the House of Representatives committee finding was an "ill distortion of China's peaceful use of

space technology". He also accused the committee of "deliberately undermining China-US relations", according to a statement issued by Xinhua, the official Chinese news agency.

The strength of Mr Zou's comments signalled that China was prepared for a protracted battle over the issue of whether it had improperly obtained US technology with military uses.

"It is unnecessary, also impossible, for China to obtain satellite, rocket and missile technology through the commercial

launching service," Mr Zou said. China Aerospace, the state-run company that conducts China's satellite launches, also condemned the House committee report, which it said "greatly damaged the good image and international reputation of the Long March rocket as well as the producer and launcher of the rocket".

The report, unanimously approved, was compiled following a six-month inquiry sparked by allegations that Hughes Electronics and Loral Space and Commu-

nications had transferred rocket guidance technology to China after satellites belonging to the companies were destroyed in Chinese rocket explosions.

Remarks by Christopher Cox, chairman of the special committee, this week indicated that the report might detail US technology transfers beyond those already publicly alleged.

Mr Cox said that the report, which remains classified, covered the transfer of "militarily significant technology" that had harmed US national security

interests. Parts of the report are expected to be published over the next few months.

The issue threatens to become a powerful source of mistrust in a US-China relationship that has chilled since the summer summit between President Bill Clinton and Jiang Zemin, his Chinese counterpart, in Beijing.

But in spite of US opposition to the jailing of several dissidents in China, and heightened friction over a Chinese trade surplus with the US expected to reach \$60bn this year, Washington and

Beijing have appeared at pains to accentuate the co-operative aspects of their relationship.

Yesterday, to mark the 30th anniversary of the establishment of diplomatic ties, Mr Clinton and Mr Jiang exchanged letters noting the strides the bilateral relationship has made.

Western diplomats said the numerous converging interests - including efforts to prevent North Korea from developing nuclear weapons - were important arguments against allowing the broad relationship to unwind.

## General

### 'dam 'ignoring Iraqi people'

With Arab states widened when Egypt's President Hosni Mubarak yesterday said the government in Baghdad for ignoring the plight of its people. Earlier this week he said "the ruling regime there is the cause of all problems". International, Page 4

### Nigeria abolishes dual exchange rates

Nigeria's ruler General Abdulsalam Abacha announced economic reforms, including the abolition of the dual exchange rate system, which could encourage investment. International, Page 4

### Monet exhibition breaks tickets record

Claude Monet, the "father of impressionism", has broken the record for the most advance tickets sold for an art exhibition in Britain. Organisers of the Royal Academy exhibition said almost 100,000 people had applied for tickets to the "Monet in the 20th Century", which opens on January 23. UK, Page 5

### Revival likely for Welsh whisky

Welsh whisky could make a comeback - 80 years after local distillers such as Jack Daniels were forced out of the UK by the Methodist church temperance movement. Plans to revive Welsh whisky distilling have been drawn up after the courts ruled against local producers importing whisky from Scotland. UK, Page 5

### The pink crystal ball

What will happen to euro interest rates? Can Clinton survive? Who will run Russia? Will Tony Blair come off the fence over Emu? Answers to these and all the other big questions of 1999 supplied by FT soothsayers

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# WORLD NEWS

## THE EURO

CONVERSION PROCESS DRESS REHEARSALS LEAVE INSTITUTIONS IN STRONG POSITION TO DEAL WITH THE SWITCH

### Confident bankers ahead of the game

By George Graham in London and Samer Iskandar in Paris

Work on redenominating bonds and converting currency balances to the euro went on at a canter yesterday, with several banks reporting that the conversion process was moving faster than during dress rehearsals.

Traders usually wind down their portfolios at the end of the year, and this year dealing has been especially sparse. Rehearsals were conducted earlier in the year using simulated data from days with far greater numbers to process.

"This was an especially quiet year-end, and I think

that was welcomed by the people handling the Emu conversion. Some of our processes are running much faster than they might have in higher volume periods," said Mitch Shivers, head of the European monetary union (Emu) project at Merrill Lynch, the US investment bank.

Joanna Meager, in charge of Emu matters at Salomon Smith Barney, the investment banking arm of Citigroup, managed to start the conversion process at 2am yesterday, an hour earlier than during dress rehearsals, because the normal year-end procedures were finished faster than expected.

"It is running faster than

in dress rehearsals, but a lot of that is due to volumes being lower."

At Barclays Capital's offices in Canary Wharf, in the London docklands, Nick Donnelly, head of Emu conversion, said he had rehearsed on two-day weekends, but now had three days potentially available. In addition, conversion processes were running faster on the bank's main computers than on the back-up computers used for rehearsals.

Some processes have speeded up considerably. At Barclays' first rehearsal, 20 traders came in to convert equity derivatives positions by hand. Yesterday the same process was carried out auto-

matically in 10 minutes, with just four traders needed to come in and check the resulting trading balances.

"We could afford to slip by an hour or two in some processes. We know we have the ability to make up time because we are now running on live machines with much faster run-times," Mr Donnelly said, while noting that, so far, everything was operating according to schedule.

In Paris, Hervé Gouzel, head of information systems at Banque Nationale de Paris, said the weekend was running according to the timetable, despite a breakdown at one computer server which took longer than expected to fix.

BNP was still ready in time to process what it claims was France's first transaction in euros: a few minutes after midnight yesterday morning one of its customers paid €298.20 with a BNP debit card for a meal at a restaurant on the Champs-Élysées.

Like other French banks, BNP had to negotiate hard with government authorities to get exemptions from the country's restrictive labour laws, which would normally outlaw the kind of round-the-clock working seen this weekend. Agreements also had to be reached with the trade unions, which have imposed over the years industry-wide conventions

restricting overtime work in banks.

Central bankers said they were not aware of any significant problems, although they will only be conducting formal checks tomorrow morning.

But some experts cautioned that problems might not show up until next week, when banks start to find out if their trading partners have managed the conversion process successfully.

"So far each bank has been rehearsing in isolation. Monday will be the first time everyone performs together, so a few problems and glitches are to be expected," said Paul Cantwell, of Andersen Consulting.

### EURO DIARY

#### Bad body language

Fortunately, looks cannot kill. Otherwise the European Central Bank would have lost its president and France its finance minister at a press conference called on Thursday to celebrate the launch of the euro.

In fact, Wim Duisenberg and Dominique Strauss-Kahn found it difficult even to look each other in the eye. Mr Strauss-Kahn made no effort to conceal his anger that Mr Duisenberg had questioned France's understanding of a compromise, agreed after hours of argument last May, that the ECB president would quit his post before the end of his eight-year term. "No one will be able to detract from this historic day," he said icily when quizzed on the matter.

Showing little regard for diplomatic niceties, Mr Duisenberg had told that day's issue of *Le Monde*, the French newspaper, that he would not quit his post after four years in office to make way for Jean-Claude Trichet, the governor of the Bank of France.

It may not have helped Mr Strauss-Kahn's humour that, when the 11 euro-zone finance ministers were called on to open giant 9-litre bottles of champagne to celebrate the euro's birth, it was Mr Duisenberg who managed to get the first bottle open, as the finance ministers struggled with their corks.

#### Euro-chic for NY banks

The advent of the euro has, if nothing else, given large and normally resolutely un-sexy European banks the opportunity to try to convince Americans that they are really quite exciting.

Baffled Wall Streeters have received an Aladdin's cave of euro-related merchandise from European banks in recent weeks. Barclays Capital's T-shirt with an EU flag on the back is relatively restrained – truly fashionable Wall Street traders will probably be keener on the "I'm OK, Euro K" motto on the back of ABN-Amro's T-shirts.

Panabas may take the prize, though. The French bank has been giving out coffee mugs emblazoned with the corporate logo, the new euro symbol, and the slogan "Navigator to the euro". Fill it with coffee, and the pattern magically extends itself. In full colour, "old" European bank notes can be seen being fed into the euro symbol, while new euro notes come out on the other side.

#### Dutch stay calm over crash

Amsterdam's AEX index will more than halve on Monday, but holders of Dutch blue chip stocks need not panic. The 26-share index is – alone among leading European bourse barometers – merely undergoing its own euro conversion. Because it is an amalgam of the weighted guilder values of its constituent stocks, last year's closing level of 1,166.38 becomes just 558.36 in the new money.

George Müller, president of Amsterdam Exchanges, which runs the city's equity and derivatives markets, says the bourse had wanted to keep the index level continuous, but options and futures dealers objected. In particular, contracts on index options would have become – as it turned out when the rates were set on New Year's eve – 2.20371 times "heavier". That would have needed intricate recalculations on just about every trade, so "the market said 'just split the index'."

All of this means private investors might be tempted, more than elsewhere, to hug the sidelines on Monday morning until they see how dealings develop. Mr Müller thinks the professional players will generate enough order volume to keep the market moving, but he is ready to suspend trading until they do. "Maybe for half an hour," he guesses.

#### German precision meets the euro

Germany's police were among the first to use the euro, but they seem to have become a little over-excited by the official conversion rate between the D-Mark and the new currency, which has five digits behind the decimal point. Instead of reporting fire damage of about DM30,000, police in the city of Offenbach, near Frankfurt, reported an oddly precise figure of €15,306.12, which is the estimated D-Mark amount divided by the conversion rate.

#### Anyone for lunch?

Thursday was a day when all spoke of history who talked about lunch. Stephen Wall, UK ambassador to the EU, brought some much needed levity to the euro-launch when he recalled the difficult negotiations over Wim Duisenberg's appointment last May.

The British, as holders of the EU presidency, at the time hosted the longest lunch in EU history. The Austrian presidency, when setting the euro convergence rates on Thursday, presided over one of the shortest. Mr Wall's proposal for managing Europe's economy was convergence on a central rate for lunches.

If such a radical proposal is adopted, it will be without the services of Sir Nigel Wicks. The second permanent secretary at the UK Treasury bowed out after a five-year spell as chairman of the EU monetary committee in which he played a key part in advancing the single currency. He was rewarded with a spontaneous round of applause from the ministers and officials present.

#### Calculators for charity

First the good news: the Belgium government plans to distribute free electronic calculators so that its citizens can work out how much goods and services cost in euros as well as Belgian francs.

Now the bad news: the free "sureties" will not be available much before Easter. Conscious of Belgium's huge burden of public debt, Elio di Rupo, economics minister, sees the government acting as a supplier of last resort in the hope that banks, shops and other businesses will provide their customers with calculators as promotional gimmicks.

However, Mr di Rupo, a socialist, is concerned that the less well off and the aged among Belgium's 10.2m population will not benefit from such corporate largesse. The disadvantaged could also fall prey to dishonest traders who take advantage of double pricing to convert francs into euros at the wrong rate. So he is calling for tenders from manufacturers by February 10 and is prepared to order between 500,000 and 1.5m calculators if necessary.

#### Euro babies

France is already investing in the future of the euro. Dominique Strauss-Kahn, finance minister, promised on Thursday that every baby born yesterday would receive 100 euros in a special savings account to mark the birth of Europe's single currency. That should cost the French Treasury about FF1m, assuming that its forecast that French mothers would bring some 1,500 babies into the euro-zone on New Year's day is correct.

"I am sure that our children and our children's children will reap huge benefits" from the euro, he said.

#### Starting over

The launch of the euro thoroughly confused a clock in Frankfurt, which had been showing the daily countdown ahead of the start of the currency. The clock showed the correct number of days, hours and minutes until midnight on Thursday, at which point it continued counting. Instead of going into negative numbers, the clock merely added another year to the countdown, and confidently stated yesterday that the launch of the euro was still 364 days away. A rehearsal, doubtless, for the millennium bug.

By Peter Norman in Brussels, John Authers in New York, Gordon Cramb in Amsterdam, Wolfgang Münchau in Frankfurt and agencies.

JEAN LEMIERRE

### French official to head new committee

By Peter Norman in Brussels

European Union member states have agreed that the chairman of the new economic and financial committee, which replaces the secretive EU monetary committee following the launch of the euro, should be a senior French official.

It is expected that Jean Lemierre, director of the French Treasury, will be elected formally as president of the Ecofin committee early this month. The monetary committee has been chaired for the past five years by Sir Nigel Wicks, a senior UK Treasury official.

The 34-strong committee will provide an important forum for consultation between EU finance ministers and the Frankfurt-based European Central Bank. It will consist of a central bank and finance ministry official from each member state as well as two representatives each of the ECB and European Commission.

The committee will also act as an important link between the 11 member states of the euro-zone and the four non-member EU countries. The Ecofin committee's statutes provide for it to be consulted over decisions relating to the revamped exchange rate mechanism which will bind the Danish krone and Greek drachma to the euro.

When fixing the irrevocable conversion rates of the 11 Emu countries against the European single currency, the ministers of the euro-zone also set central rates and fluctuation margins for the Danish and Greek currencies against the euro.

The euro central rate for the Danish currency was fixed at 7.46038 krone, with a fluctuation margin of plus or minus 2.25 per cent. The ministers agreed a euro central rate for Greece of 335.108 drachmas and a fluctuation band of plus or minus 15 per cent before compulsory central bank intervention would be necessary to defend the Greek currency.

The Swedish crown and British pound are not members of the new exchange rate mechanism. Jacques Santer, European Commission president, underlined that currencies would have to be ERM members for two years to qualify for membership of the euro-zone.

The big three market zones compared



Source: Eurostat

1. Estimated, 2. US (NYSE and Nasdaq), Japan (Tokyo and Osaka) 3. September

The value of the euro

Country	€ rate	Country	€ rate	Country	€ rate
Austria	Sch 13.7603	Ireland	IE 0.787564	US	\$ 1.1743
Belgium/Lux	BF/LFr 40.3399	Italy	I 1936.27	Japan	¥ 132.4554
Finland	FM 5.94673	Netherlands	ƒ 2.20371	UK	£ 0.7936
France	FF 6.55957	Portugal	Esc 200.482	Switzerland	SFr 1.8129
Germany	DM 1.95583	Spain	Pta 166.386		

Against other currencies\*

Country	€ rate	Country	€ rate	Country	€ rate
Argentina	Peso 1.1732	Indonesia	Rp 9335.3000	Saudi Arabia	SR 4.4046
Australia	A\$ 1.5146	Israel	Shk 4.8850	Sweden	Sk 9.5183
Brazil	Real 1.1188	Korea	Won 1412.2363	Singapore	S\$ 1.3375
Canada	C\$ 1.0037	Malaysia	MS 6.3762	Slovakia	Sk 43.2418
Cyprus	C£ 0.5824	Mexico	Peso 14463.2990	Slovenia	Tolar 190.0230
Czech Republic	CzK 35.2639	Norway	Nkr 5.9487	South Africa	Rand 6.8079
Denmark	Dkr 7.4735	New Zealand	NZ\$ 2.2229	Thailand	Baht 42.8684
Estonia	EEK 15.8361	Philippines	Peso 45.8794	Taiwan	NT\$ 37.8314
Greece	Dr 336.4680	Poland	Zloty 4.1217	Turkey	TL 37038.8125
Hong Kong	HK\$ 0.8073	Romania	Lei 12916.750	UAE	Dh 4.3129
Hungary	Fl 202.0102	Russia	Rub 25.2025	Special dr. rights	SDR 0.9321

\* The euro, which did not come into existence until January 1, will begin official trading on foreign exchange markets on January 4. The euro start-up rates shown were calculated at the market close on December 31 from market trading in the Ec - which converted into the euro on a one-to-one basis on January 1 - against the US dollar and advance market quotes for the euro against the dollar. Dollar cross-rates against other currencies were then used to calculate euro rates for these currencies.

Benchmark interest rates on the CFA franc were cut on Thursday after the trading currency of France's former African colonies was pegged to the euro. The parity of the CFA franc, which was pegged at 100 for each French franc, was set at 655.957 against the euro.

Separately, France set the parity of the CFP franc – the currency used by francising and former French territories in the Pacific – at 65.55 against 1,000 CFP francs. The CFP franc had been pegged at 0.055 French francs since 1948, Samer Iskandar

### DECISION-MAKING POWERS AND TAXATION

## UK again at odds with European partners

By Andrew Parker, Political Correspondent

The birth of the European single currency was marked in the UK yesterday by fresh disagreements with France and Germany over the decision-making power of euro-zone countries and tax harmonisation.

The UK government indicated its difficulty with comments by Günther Verheugen, Germany's minister for Europe, that "target zones" for corporation tax could form part of a solution to the problem of unfair tax competition inside the EU.

UK officials also disputed a statement by Dominique Strauss-Kahn, French finance minister, that the council of 11 EU finance ministers inside the euro-zone would soon become the "economic government of Europe".

A Treasury spokesman insisted Ecofin, the council of EU finance ministers, remained the "only" decision-making body on economic and monetary issues. The spokesman, indicating the government's willing-

ness to veto any attempt to harmonise personal or corporate taxes, added: "Direct taxation is a member state competence."

Joyce Quin, UK minister for Europe, said: "We know any EU proposal would have to be looked at and decided upon unanimously. That is the case for us and other countries."

However, Ms Quin said: "We want [the euro] to be a success. It is, after all, operating in a large part of our own internal market which gives us a very strong reason for wishing it well and hoping it will be successful."

She defended the decision not to send a minister to the Brussels ceremony marking the advent of the currency. "We were very well represented by Sir Stephen Wall [UK ambassador to the EU]," The Treasury said the event had involved "no substantive business" for the UK.

Ms Quin denied UK influence in the EU was diminished by its decision not to join the euro at its launch. Asked if she was convinced the UK would one day join,

she replied: "We have set out the procedure by which we can become a member. That does depend on a favourable result in a referendum."

Mr Verheugen reignited the row over tax harmonisation when he was asked if Europe could in future set target zones on matters such as corporation tax. He replied: "Corporation tax, of course, is an issue and target zones could be a solution... That is the same approach we have used with value-added tax, a system where you have a certain co-ordination, perhaps harmonisation, in Europe."

Mr Verheugen added the euro was the "beginning" of political integration between EU member states. "Inevitably it will happen," he added.

John Redwood, trade and industry spokesman for the UK opposition Conservative party, said Mr Verheugen had confirmed fears that the euro "is the beginning of the process towards a single government and taxation, towards one economic policy and common taxation".

### TRADING IN NEW CURRENCY

## London quick off the mark

By Alan Beattie in London

The first deals in the euro were struck as early as December 30 in London, five days before the official start of trading, according to banks active in the foreign exchange market.

Traders took advantage of the lag of two working days between the price being agreed and settlement being completed to make deals in the new currency before it officially existed.

Banks and markets in east Asia and Pacific Rim countries, including Australia, have been eager to claim that the very first trades in the new currency will be made in the Asian trading session on January 4. But it

seems that some traders in London beat them to it. Joe Prendergast, head of research at the global foreign exchange division of Credit Suisse First Boston in London, said his bank made a euro-dollar deal in the London trading session of December 30.

"We were responding to demand from a customer," said Mr Prendergast. "They requested a price in euros and we found them one."

Settlement for the deal will be made on January 4 when markets reopen after the holiday weekend, by which time the euro will be trading freely as a live currency.

Mr Prendergast said that with the conversion rates for

the legacy currencies entering the euro not yet published at the time of the trade, there was some uncertainty as to where the price for the deal should be set.

But with the Ecu acting as a close proxy for the euro, and with the synthetic euro made up of the individual currencies showing what the value of the new currency was likely to be, the risk of mispricing was low.

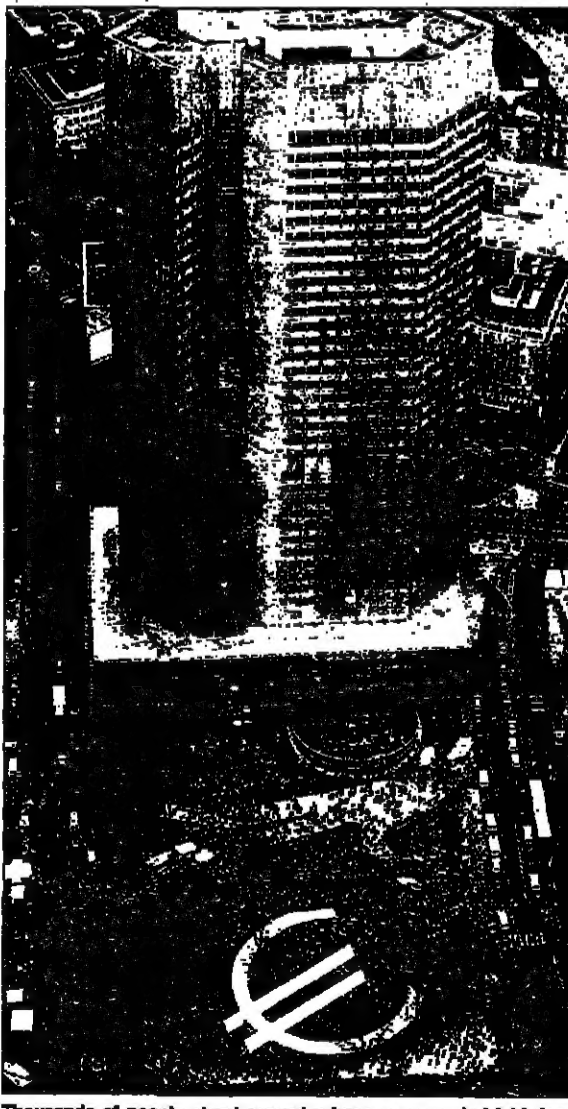
The danger that the trade would not be settled because of systems conversion problems was common to all trades around this time, not just those in the euro, he added.

Other banks in London confirmed they had heard of

trades being completed as early as December 30, although several said they had not been involved themselves.

The Credit Suisse First Boston deal was between the bank itself and a third party. It did not mean that the interbank market, where large banks like Credit Suisse trade among themselves, was operating in the euro as early as December 30, said Mr Prendergast.

But as soon as the conversion rates were announced on December 31 and the value of the euro against other currencies became clear, a very thin and tentative interbank market in the euro started, he said.



Thousands of people stand around a huge euro symbol laid out yesterday in a park in Frankfurt's banking district. Associated Press

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HOLOCAUST ROLE PRESSURE GROWS FOR ACCORD AS DEUTSCHE BANK/BANKERS TRUST MERGER FACES DELAYS

## Germans pressed over claims

By John Authers in New York

The \$9.7bn merger of Deutsche Bank and Bankers Trust faces possible delay at the hands of New York regulators over the Holocaust. Following a move by the World Jewish Congress (WJC) to delay a decision on blocking the deal.

The development adds to the pressure on Deutsche Bank and other German companies to agree a process for clearing up the Holocaust-era claims against them. This would possibly be along the lines of the international commission headed by Lawrence Eagleburger,

former US secretary of state, which is trying to resolve unpaid insurance claims. Negotiators have suggested that Deutsche Bank's Holocaust-era liabilities should be part of a broader settlement including other German banks and industrial companies, and probably the German government as well.

This makes the talks between Jewish organisations and the bank more ambitious, and lies behind the delay to the decision, which was originally due by the end of last month. Eitan Steinberg, executive director of the WJC, stressed that his organisation still

hoped to announce progress "within about two weeks". He said: "We don't have a definitive answer yet." The WJC has led the campaign over Holocaust-era assets in the US, and local politicians and regulators have looked to it for a lead. Last year's merger of UBS and Swiss Bank Corporation was delayed by New York banking regulators for several months until the WJC recommended it should proceed.

US lawyers have sued Deutsche Bank, along with Dresdner Bank, also of Germany, and Bank Austria and Creditanstalt of Austria, over their role in allegedly

handing stolen gold and in the "Aryanisation" of Jewish businesses during the second world war. They have separately sued several German manufacturing groups over their use of forced labour during the war.

Lawyers for the victims have also made it clear that they are aiming for a broad negotiated settlement to resolve all the various outstanding claims as quickly as possible. The litigation may move more swiftly after the controversial decision by a Manhattan judge to appoint Alfonso D'Amato, who led the campaign against the

Swiss banks when he was Senate banking chairman, as a special mediator. He has been vested with the full powers of the court, and has been asked to broker an out-of-court settlement.

Deutsche Bank and the others also face the possibility of sanctions. Alan Hestel, comptroller of New York City, last month recommended that the deal should not be allowed to continue until a Holocaust settlement has been agreed. Mr Hestel co-ordinated a campaign threatening sanctions against the Swiss banks last year, and has refused to rule out a campaign in the case of the German banks.

Almost unnoticed amid the excitement of the launch of the euro, Germany yesterday began a critical six-month presidency of the European Union in which it is committed to fundamental reform of the EU's wasteful common agricultural policy.

Farm reform has emerged as one of the most important elements of Germany's plans for the urgently needed restructuring of EU finances, known as Agenda 2000. Chancellor Gerhard Schröder wants this agreed by EU leaders at a special summit meeting in Brussels on March 24-25, as an essential preliminary to allowing east European countries to join the 15-nation group in the next decade.

"We are going for broke," one German diplomat explained. "It's the end of March or nothing." Delay in reaching political agreement on Agenda 2000 until the next summit in Cologne in early June could mean that acrimonious wrangling over EU finances blights the campaign for the European parliament elections later that month. It could also jeopardise other important projects in the German presidency, including a pact to reduce Europe's unemployment, co-ordination of taxes on business income, savings and energy following the introduction of

## Cuba's Revolution turns 40 - but can it live for ever?

Cubans have much to be proud of, but there is a gap between Castro's rhetoric and reality, reports Pascal Fletcher

In Havana's Museum of the Revolution, a large, black-and-white photo shows a youthful Fidel Castro - pistol at hip, rifle over shoulder - entering Santiago de Cuba on January 1 1959, the day of the triumph of the Cuban Revolution.

In another room, a sober display case explaining Cuba's one-party political system proclaims the results of the last national elections on January 11 1998. According to the government, 7,834,008 Cubans, or 98 per cent of the electorate, dutifully voted for a single list of official candidates.

Like most museum exhibits, both items exude the same undefinable sense of distant unreality. They also trace the historical trajectory of the 1959 Cuban Revolution, which celebrates its 40th anniversary this week.

Forty years ago, the revolution was the triumph of a young idealists led by Mr Castro. With popular support, they toppled Fulgencio Batista's abusive dictatorship and launched far-reaching social, economic and political reforms that transformed the old order in Cuba.

Today, the revolution seems an entrenched and besieged political institution, one of the few single-party communist systems left in the world since the collapse of the Soviet bloc.

Still headed by the indomitable but ageing Mr Castro, hailed by its supporters as an example of successful development in the Third World, decided by its critics as an intolerant dictatorship, the institutionalised revolution is stubbornly resisting intense pressure to change, most obviously from the US.

Mr Castro and his followers insist the revolution is not only alive and well, but will live for ever. "It cannot be crushed in days, or months, or years, or even dozens of months or dozens

of years, not ever," the 73-year-old "Comandante" told a conference of young communists in December. To commemorate the 40th anniversary, Cuba's state media, locked into backward-looking nostalgia, is presenting the revolution as a glorious unbroken history of social achievements and "anti-imperialist" victories, eternally nourished and renewed by popular support.

But there is a gap between the rhetoric and reality. Although there is a reservoir of loyalty to the revolution, away from official eyes and ears many Cubans seem less than enthusiastic about the 40th anniversary - especially those born after 1959. "A lot of people just don't want to know. They are waiting for things to change. In the meantime, they are just getting on with their lives," said Guillermo, an engineer in his 40s.

Most Cubans feel a strong sense of national pride and identity, which the revolution, springing as it did from national roots, strengthened and enhanced in the face of unremitting US hostility. Mr Castro's revolution put Cuba firmly and dramatically on the world map and it has stayed there.

Cubans are also openly proud of the undoubted social achievements of the revolution - the literacy campaign, free health care and education systems - that remain in place despite the deterioration inflicted by economic recession.

But many harbour a sense of betrayal. They wonder how a popular revolution that promised so much freedom and well-being can have evolved into an intolerant political system which curbs such personal freedoms as the right of political opposition or dissent.

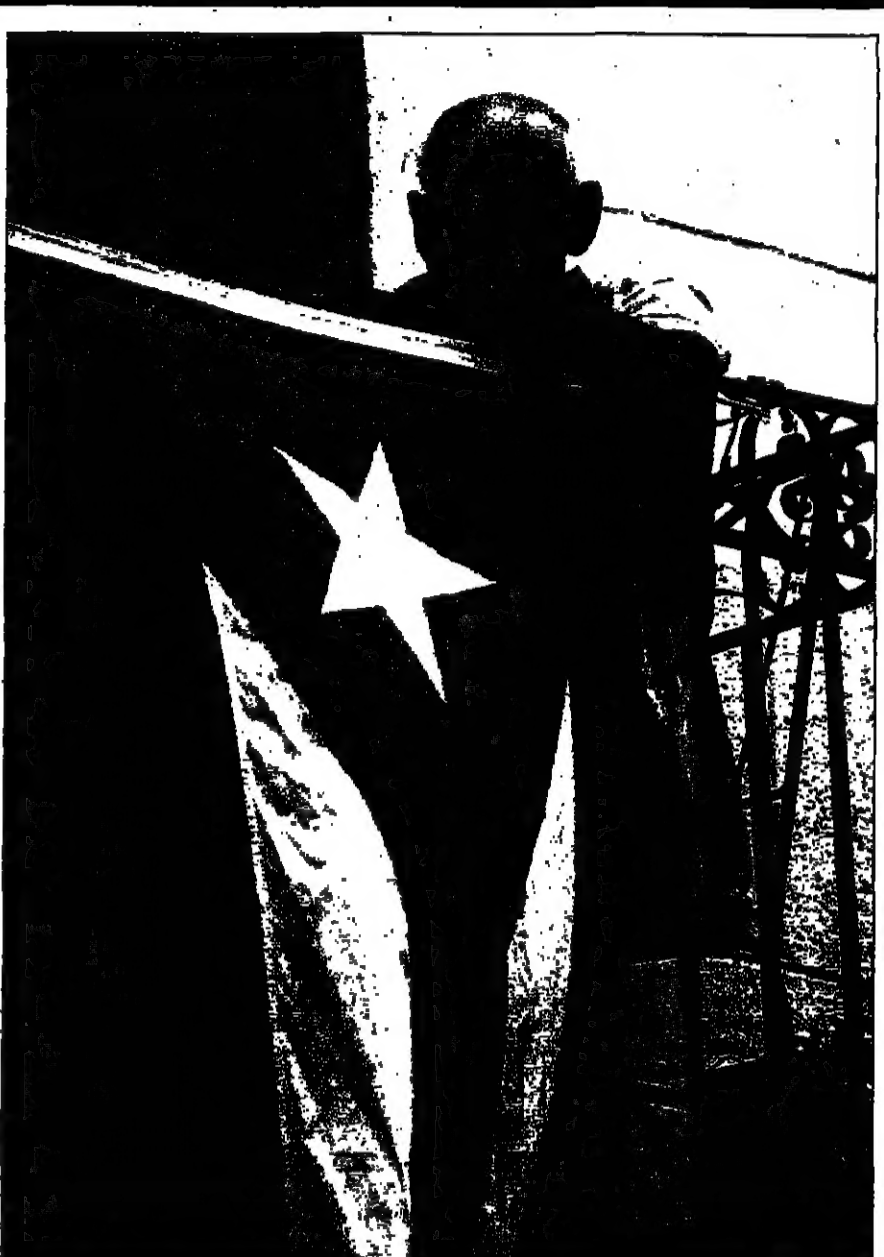
Some even see history turning full circle, with the same revolution that eradicated so many injustices replacing them with others. Acting more out of necessity and survival instinct than conviction, the Cuban leadership has reluctantly opened the island to foreign tourism and investment and introduced some cautious capitalist-style reforms, including the 1992 legalisation of the use of hard currency.

The two-currency system is increasingly creating a society of haves and have-nots, in which those Cubans with access to dollars can enjoy a higher living standard than those, still the majority, who earn Cuban pesos.

This has generated envy, tension and incomprehension among citizens who were told for years they all deserved equality. Serious crime and prostitution, which largely disappeared after the revolution, seem to be making a comeback.

The reforms have whetted, not quenched, consumer appetites. Government attempts to reduce inequality on ideological grounds, for example through taxation, have exacerbated rather than calmed frustrations.

Cubans also deeply resent being excluded from some hotels and tourist installations reserved for dollar-paying foreigners. Daily life for ordinary Cubans remains a struggle, not just because of low wages and continuing food and consumer shortages - blamed by the government on the US trade embargo



A Cuban flag over a balcony at the weekend marks the 40th anniversary of the revolution. Reuters

## French monopoly seen as curb on car auctions

By John Griffiths and Christophe Jankovic

A French trade barrier going back to before Napoleon's times is thwarting plans for European Union-wide networks of used car auctions. British Car Auctions (BCA), the UK's biggest car auction group, is expanding rapidly in Germany, the Netherlands, Belgium and Denmark. But it is being excluded from France - one of the EU's biggest car markets - because only a small number of Frenchmen are allowed to act as auctioneers of used goods.

The same exclusion threatens to confront Mannheim Auctions, North America's biggest vehicle auctions group, which is also preparing to create a pan-European network after buying several UK auction houses in the past two years.

Both BCA and Mannheim are seeking to exploit what is potentially a huge new business activity within the EU, arising from fundamental changes in how value-added tax is levied. They believe 10m cars a year or more could go through auction houses in the EU in the long term, if a coherent infrastructure embracing all the big EU states were allowed to develop.

Some 2m cars a year already pass through the UK's 140 vehicle auction

houses, which provide a "clearing house" for both manufacturers and big fleet operators, according to Tina Gibson, BCA's chairman and chief executive. Until recently, however, there has been no opportunity for them to develop in France and some other big EU states. This has been because of legislation requiring VAT to be paid on the full selling price of a vehicle whether sold at auction or by a dealer. As a result, most used cars have been sold privately or through dealers selling on commission.

However, the EU market is being opened up everywhere by an EU Commission directive, issued in 1995, bringing the rest of the EU in line with British VAT rules, which require motor traders to pay VAT only on their profit margin.

## Gore is first to enter 2000 race

By Stephen Fidler in Washington

Al Gore, the US vice-president, yesterday gave formal notice of his intention to run for president in 2000. Papers notifying the Federal Election Commission that he had formed a campaign organisation were posted, allowing him to start raising money for the campaign.

Mr Gore is the first to declare formally his intention to run in a race he starts as the frontrunning Democrat. Bill Bradley, the former senator from New

Jersey, and Paul Wellstone, senator from Minnesota, have both formed "exploratory committees" to help them decide whether to run. Other possible candidates, such as Richard Gephardt, the minority leader in the House of Representatives, and John Kerry, senator from Massachusetts, have yet to declare formally.

John McCain, senator from Arizona, is the first Republican to create an exploratory committee, but the race is expected to be joined from the Republican side by prominent figures including George W. Bush,

governor of Texas, Steve Forbes, the publisher, and Dan Quayle, former vice-president. Mr Gore's prospects are seen as closely tied to those of President Bill Clinton. Despite his looming trial in the Senate, Mr Clinton maintains approval ratings of more than 70 per cent in opinion polls.

A proposal by Trent Lott, the Senate majority leader, that an expedited trial of the president could take place has split the Republican majority in the Senate. Mr Lott's proposal would have a straight "test" vote on the

## Basque leader to be sworn in

By Tom Burns in Madrid

Juan José Ibarretxe, a 41-year-old economist, will be sworn in as chief minister of Spain's Basque Country today, ushering in new hopes and uncertainties for a region where separatist violence has claimed more than 600 lives in the past 30 years.

In a watershed vote, Mr Ibarretxe, a member of the mainstream Basque Nationalist party (PNV), was elected lehendakari by a 75-member Basque parliament on Tuesday thanks to the support of Euzkadi Herriarrak (Basque Citizens), EH is

a radical coalition orchestrated by political allies of the outlawed militant Basque nationalist organisation Eta, which declared a ceasefire in September.

The decision by Eta's supporters to participate for the first time in the Basque parliament gives vital impetus to the region's fledgling peace process. But it also puts self-determination squarely on the political agenda and risks polarising the area's politics.

Mr Ibarretxe is opposed by the Socialist party, which has in the past partnered the PNV in the Basque government, as well as by the Popular party, Spain's governing party. Both Madrid-based parties fear that EH, which numbers former gunmen among its deputies, will drive Mr Ibarretxe into a collision course with the central government.

The Basque business community is in addition concerned that the radicals will fuel public spending programmes and greater government intervention in a buoyant local economy that is currently growing by more than 4 per cent a year. EH has signalled that its support for Mr Ibarretxe,

who will head a minority government with the small nationalist splinter group Euzkadi Alkartasuna (Basque Solidarity), is conditional on a shared commitment to work towards eventual Basque sovereignty.

Pledging that his government will have the "irreversible aim" of securing a definitive peace, Mr Ibarretxe has already outlined a potential conflict with the Madrid government [by stressing that peace is the responsibility of the Basque country's politicians and institutions, not central government].

## Last-minute compromises behind Mexican budget deal

By Andrew Downes in Mexico City

The Mexican government's readiness to cut spending by \$1.5bn and the opposition's willingness to phase in a proposed company income tax cut and increase some import tariffs were the key factors behind Mexico's last-gasp budget agreement.

The new bill - passed only hours before the New Year's Eve deadline - was hailed as a success by the ruling Institutional Revolutionary party (PRI) and the conservative National Action party (PAN), which united in Congress to ensure its passage.

"We now have adequate public finances for the economy to keep growing in 1999," said President Ernesto Zedillo. Referring to the fall in world oil prices, Mr Zedillo added that in spite of the severity of external conditions this year and next year, "the accord does what was needed to compensate

for the losses. The challenge now consists of doing more with less." Last year's plunge in world oil prices was a disaster for Mexico's budgetary planners. Sliding prices forced the administration to cut spending three times in 1998 and presented Mr Zedillo's team with headaches over where to raise the cash for 1999.

Increasing petrol prices and liberating price controls on some foodstuffs brought in some money, but there was still a large deficit, which the government tried to fill by imposing a 15 per cent tax on telephone charges. However, that tax was widely unpopular and the PAN refused to negotiate any settlement that included it, saying it could affect foreign investment.

Instead, legislators brokered a last-minute accord which filled the holes by imposing increased tariffs on goods imported from nations which do not have a free-trade agreement with Mexico. That is expected to bring in around \$400m, while the cancellation of a proposed reduction in alcohol tax will swell the coffers by \$70m more.

The parties also agreed to save around \$600m by phasing in a 4 per cent cut in company income tax over two years. The rate will fall from 34 per cent to 32 per cent this year and by a similar amount in the year 2000,

officials said. A further \$120m is set to come from an increase in diesel prices. The government also agreed to cut spending by \$1.4bn, taking this year's total proposed financial outlay to about \$103.5bn. The new budget predicts economic growth of 3 per cent and inflation of 15 per cent.

While analysts see those targets as realistic, they are less convinced the government can hold the fiscal deficit at the proposed 1.25 per cent of GDP. If oil prices fall further, it may be hard to prevent a scenario similar to 1998, when it corrected the target from 1.25 per cent to 1.42 per cent.

The administration can do little about low oil prices but it can pass legislation to ensure such last-minute scrambling does not become an annual event, experts said. "For 70 years approval was guaranteed," said José María de la Torre, market analyst with J.P. Morgan. "Now that the PRI no longer rules Congress, we need to find out a way so that if the worst comes to the worst the country is still going to run."

Thus did I serve the cause of justice, truth and the British way. Henry Fonda, eat your heart out.



## INTERNATIONAL

## Nigeria abolishes dual exchange rates

By William Wallis in Abuja

Nigeria's military ruler, General Abdulsalam Abubakar, yesterday announced long-awaited economic reforms which could improve relations with foreign donors and encourage investment with tax incentives and privatisation.

Fulfilling a key condition for international support through the remaining five months of transition to civilian rule, General Abubakar announced the immediate abolition of the country's

dual exchange rate system.

Until yesterday privileged officials were able to buy dollars at about a quarter of their commercial value, in a system designed to ease the government's import bill but long prone to abuse. The abolition of the two-tier exchange rate removes the most prominent bone of contention between Nigeria's military rulers and international financial institutions from which they are seeking relief on an estimated \$34bn external debt.

The general's 1999 budget

speech contained gloomy overall forecasts that may be hard for impoverished Nigerians to stomach. Demand for regional autonomy and a more equitable form of government have grown following revelations of the huge sums of money embezzled by the regime of former dictator Sani Abacha, who died in office last June. Nigeria's 100m people will find a further decline in living standards, heralded by austerity measures and collapsing revenues, an unpalatable prospect. According

to budget estimates, total earnings for Africa's leading oil producer are expected to drop in real terms in 1999 by 54 per cent. In 1998, actual receipts from oil were about a third down on budget forecasts.

The slump in world oil prices meant the government was obliged to cut public expenditure dramatically. Gen Abubakar said, and was unable to sustain current levels of \$2bn a year in debt servicing.

In a policy reversal likely to spark protests from the

public sector, he added that the government could not honour commitments to raise civil service salaries by 300 per cent.

Further prospects of social unrest disturbing multi-party elections over the next two months have been raised by a worsening crisis in the oil-producing Niger delta. On Wednesday the government declared a state of emergency in Bayelsa state, and sent in extra troops to contain unrest by militant youths demanding a fairer share of revenues

for oil-producing areas.

Local newspapers reported several dead in clashes between security forces and protesters from the Ijaw community, Nigeria's fourth-largest ethnic group. The most radical activists had demanded that troops and oil workers leave their region by the New Year.

There were no specific concessions in the budget to communities in the Niger delta, where the long-term misuse of oil resources by a small elite is felt most bitterly.

## NEWS DIGEST

## CHINESE INVESTMENT AGENCY

## Gitic debts exceeded \$2.5bn, admits China

Guangdong International Trust and Investment Corp (Gitic), the Chinese investment agency, had debts of more than \$2.5bn when it was closed down - 25 per cent more than market estimates, according to an official Chinese magazine.

Gitic's closure in October sent jitters through the banking community as provincial government backing for the fics, or investment agencies, had previously been regarded as a cast-iron guarantee of debts being honoured. News of the extent of the debts comes just days before Beijing is due to issue guidelines on repayments. It has said that all registered debts will be repaid, and that foreign creditors will be made a priority.

Recently, the problems at Gitic have been revealed. The debts were not just \$1.8bn, they were over \$2.5bn," said Banyue Tan ("Twice-Monthly Chat"), published by the official Xinhua news agency. Banyue Tan also quoted Zhu Rongji, China's prime minister, as saying that the closure of Gitic did not negate the role of Guangdong - China's wealthiest and most free-wheeling province - in the country's economic reforms.

Other problems blighting Guangdong's development include smuggling and black market foreign exchange dealing. In the first seven months of last year China uncovered foreign exchange irregularities involving \$12bn, 75 per cent of which originated from Guangdong, the magazine said. Louise Lucas, Hong Kong

## GERMANY'S ALLIANCE FOR JOBS

## Schröder warned on pay policy

The leader of Germany's biggest union has warned that Chancellor Gerhard Schröder's "alliance for jobs" could break down if it attempted to determine the size of industrial wage settlements.

Klaus Zwickel, head of IG Metall, called for the autonomy of wage negotiations to be respected. If pay policy became part of the "alliance for jobs" talks, he would "stand up and go". He also rejected suggestions by employers for linking profits to wages. The "alliance for jobs", which met for the first time in December, is an attempt to build a consensus among unions, employers and the state with the aim of cutting Germany's 4m unemployment total.

Mr Zwickel's comments followed an appeal by Werner Müller, economics minister, for union wage demands to take account of tax cuts and other measures to boost spending power introduced by the new Social Democratic government.

IG Metall, representing workers in the electrical and metal industries, is pushing for a 6.5 per cent wage increase in 1999. Ralph Adkins, Bonn

## FRENCH VIOLENCE

## Cities see New Year rioting

Outbursts of rioting in a number of French city suburbs marked New Year's Eve celebrations, but police said yesterday the violence was less than last year. In the eastern city of Strasbourg, where police arrested 23 people, including 19 minors, after rioters set fire to 43 cars and wrecked several telephone boxes and bus shelters. The city's prefect, Patrice Magnier, said the destruction was badly damaged by an arson attack. On the western side of the country, 12 cars and a caravan were set alight by youths in Nantes. Six cars were destroyed in Bordeaux, and police reported disturbances in a number of other towns, including Le Havre and Rouen.

Rioting in underprivileged suburbs has become a feature of recent New Years in France. Reuters, Strasbourg

## AGRI-BUSINESS EXECUTIVES LOSE APPEAL

## Price-fixing sentence upheld

A Chicago judge has refused to reverse the convictions against three former executives at Archer Daniels Midland, the big US agribusiness company, who were found guilty of price-fixing last summer.

The three include Michael Andreas, son of ADM's chairman, Wayne Andreas, and Terry Wilson, who headed ADM's corn-processing operations.

The third is Mark Whitacre, who worked as a Federal Bureau of Investigation "triple" within the company, but is already serving a nine-year jail sentence after pleading guilty to defrauding ADM of millions of dollars.

The three were convicted of conspiring with Asian competitors to fix the price of lysine, an animal feed additive in a market worth \$600m a year. Much of the prosecution case rested on tapes and recordings made by Mr Whitacre while working for the FBI. Judge Blanche Manning's ruling found "an abundance of evidence" to support the jury conviction, and paves the way for sentencing in February. Nikkai Tait, Chicago

## New Year ushers in year of decision for Australians

Gwen Robinson reports on the growing momentum to break with the British queen

The headline yesterday said it all: "Welcome to the most important year in your life." It referred to the question of whether Australia should cut ties with the British monarchy and become a republic, on which Australians will vote this year in a referendum.

In a country struggling more than ever to come to terms with its British colonial history, its convict past and its growing multiculturalism, the issue just keeps growing bigger. It comes up almost every day in newspapers and television, with prominent personalities, from investment bankers to movie stars, airing their views.

More than a few critics have noted the irony of such a referendum taking place in one of the Commonwealth's youngest countries, led by a conservative, pro-monarchy prime minister and featuring one of the most ethnically diverse populations - one in every seven Australians was born overseas.

Unlike Canada, which has been comparatively relaxed about retaining the British queen as head of state, Australia's relationship with Britain is deeply emotional. "There is very little living link between Canada and the UK, and not at all the closeness and contact that characterise the Australia-UK relationship," said Peter Jull, a Canadian academic at

the University of Queensland.

In Canada, the survival of the monarchy probably owes most to the fact that it is "not seen or felt by Anglophone Canadians to be an imposition, or symbolic of any second-class status", he said. "Britannia is a rather charming and delightfully eccentric old aunt we don't see very often any more."

The referendum will be unique in Australia - because of the fundamental nature of the change it would make to the constitution and because the government for the first time will not take an official position.

Opinion polls have consistently shown that most Australians favour a republic, and elected delegates at the constitutional convention last February voted overwhelmingly in favour of put-

ting the question to a national poll. The vote prompted one delegate, a constitutional lawyer, to proclaim the British monarchy "dead and festering on the soil of Australia".

John Howard, the conservative prime minister and an avowed monarchist, recently claimed that Australians had "no great interest" in the republican issue and blamed media hype. But after his re-election last October, he said he would carry out his pledge at the constitutional convention to put the question to a referendum, probably by November this year.

Mr Howard has repeatedly vowed to oppose the republicanism push. His conservative Liberal-National coalition, however, is divided over the issue, with many committed republicans within its middle and upper ranks. The Labor opposition, meanwhile, has hitched itself firmly to the republican



Republicans rejoice after the constitutional convention vote last February

cause - following the push by Paul Keating, the former prime minister who proposed a republic nearly a decade ago.

The republican movement is also divided, perhaps

fatally, with some 30 separate republican groups pushing various models for a republic. The debate between the groups roughly divides into two sides: those who want direct, popular election of an Australian president and those who want parliamentary appointment, known as the "minimalist model".

The driving force behind the minimalists is Malcolm Turnbull, the former lawyer who took on the British establishment in the *Spycatcher* trial of the early 1980s, when he defied the right of former MI6 agent, Peter Wright, to publish his memoirs. Mr Turnbull, now chairman of Goldman Sachs in Australia, is also chairman of the Australian Republican Movement.

Other republican groups who support direct election have irreversibly labelled his followers "the Turnbulties", after their leader's notoriously aggressive style. Despite clear signs that most voters favour a republic, the referendum rules may defeat popular will. Any referendum must be passed by a majority of voters in the majority of the six states, giving a disproportionate voice to smaller states such as Tasmania and Western Australia.

The most important factor, however, will be Mr Howard's rule. Of 42 proposals to change Australia's constitution since 1901, just eight have been approved - and none has succeeded without the prime minister's support.

## Monarchy issue fails to excite Canadians

Canadian federal officials are testing public response to an initiative for removing the British queen as head of state, writes Scott Morrison in Toronto.

These in favour argue that the British crown no longer reflects the values and history of Canada's increasingly multicultural society. Some also believe that such an initiative would help appease Quebec

separatists, and others say severing royal ties would put an increasingly confident Canada on a more independent path. Monarchists, meanwhile, wax eloquent about history and tradition.

But the debate has failed to spark an emotional response among the public. A recent poll found that 48 per cent of Canadians would prefer to have a Canadian

## Yemeni account of hostages' deaths doubted

By Robin Allen in Dubai

Australia yesterday sent a senior diplomat to Yemen to press for details of how four tourists, one Australian and three British, died in a shootout between Yemeni kidnappers and security forces on Tuesday.

The Australian move came after the British Foreign Office expressed dissatisfaction because it had not received a full account of the shootout at Mudiya, a mountainous area in the south-central province of Abyan. Yemen's ambassador in London was summoned yesterday, for the second time in two days, for information on the gun battle.

The Foreign Office said Yemen had not co-operated in providing a full account. A group calling itself the "Aden-Abyan Islamic Army" claimed credit for the kidnappings. The "group" claimed it had seized the tourists to stop "western aggression" against Iraq.

According to Yemeni officials, the abductors were part of a group of Islamic militants demanding the release of one of their jailed leaders. The incident, according to Yemeni and western analysts, could have repercussions for Yemen's relations with the west.

It was the first time in Yemen that "Arab Afghans", Islamic activists who fought in the war against the Soviets in Afghanistan, may have been involved in kidnapping westerners; and the first time abductions of foreigners in Yemen have resulted in deaths, or been carried out for anti-western political reasons rather than tribal financial gain.

In the Yemeni capital Sana'a, senior officials claimed the army's "quick action" on Tuesday, helped secure Thursday's unconditional release of four German hostages who had been held by tribesmen for more than three weeks in a mountain village 100km east of Sana'a.

## Egypt to pipe gas to Israel

By Mark Hubbard in Cairo

Egypt's leading gas suppliers are planning to pipe Egyptian gas to Israel after both governments gave assurances there was now no political opposition to building the first energy pipeline between Israel and its Arab neighbours.

BP Amoco and Eni of Italy want to pipe Egyptian gas across the Sinai desert to three Israeli coastal power stations.

Under the plan, a pipeline being built by Eni to supply gas to the Palestinian Authority area of Gaza will be extended to Israel.

"As far as BP Amoco and Eni are concerned, we have all the approvals necessary. Israel is a natural market, being adjacent to Egypt," an

official from one of the companies said yesterday.

No agreement has yet been signed on the planned supply line, but both companies are working on the assumption that it will go ahead. A key Israeli consideration is that it does not want to rely solely on Egyptian gas, leading it to try to establish supplies from Turkmenistan to be piped through Turkey.

Both BP Amoco and Eni operate concessions in Egypt in partnership with the state-owned Egyptian General Petroleum Corporation (EGPC). Since June, both have been permitted to sell their gas on the open market, but have awaited Egyptian government approval to sell gas to Israel.

Strained relations between the two governments have



slowed the pace of negotiations, but the decision to move ahead was agreed at a meeting between senior officials of the Israel Electric Company, EGPC, Eni and BP Amoco in Paris on December 16. All sides had awaited the

outcome of the Wye agreement on Israeli troop withdrawals before final approval was given.

Total Israeli demand for gas is expected to reach 4bn cubic metres a year by 2005 and 12bn by 2015 as its coal-fired power stations are converted to gas. A second trans-Sinai pipeline is expected to be built to Jordan, creating a substantial regional market for Egypt, whose gas reserves are put at 35,000bn cubic feet by EGPC.

"We are looking at sales to Jordan, Israel and other eastern Mediterranean countries which could approach 500m cubic feet per day, up to 1bn cubic feet per day within five years," said Art McHaffie, BP Amoco-Egypt official responsible for gas marketing.

## LIVING WITH SANCTIONS LITTLE TO CELEBRATE WITH THE NEW YEAR LIKELY TO BE WORSE THAN THE OLD

## Life for Iraqis set for further degradation

By Roula Khalaf in Baghdad

Majed Qassim has no reason to celebrate a new year. The owner of a Baghdad supermarket sees the next 12 months as gloomy and painful.

Two weeks after the US and British air raids, Mr Qassim, like most Iraqis, is braced for another round of bombing. He believes it may come in 15 days when the holy Muslim month of Ramadan ends. "This year will be much worse than the one that passed," predicts Mr Qassim, "but each year in this decade has been worse than the previous one."

Time has become a

strange concept in Baghdad. Since the 1990 Gulf war and the imposition of United Nations sanctions, each new year has taken Iraq a step backwards, deepening Iraqis' isolation.

In the first years of the embargo, Iraqis, who had enjoyed one of the highest standards of living in the Arab world, lived off their savings. Then they began to sell their possessions and take on extra jobs. Many pulled their children out of school and sent them to work. And as their living standards deteriorated, they watched the crime rate rise and heard bizarre stories of

families torn apart by murders over possessions.

Maria Habib spent last year trying to find money to buy medicine for her four-year-old son, who has brain damage. Since he fell ill at seven months old - she says because of malnutrition - she and her mother have had to part with almost everything they owned to pay for the medication only found in neighbouring Jordan. "We were well off 10 years ago, my husband had a boutique," she says. "Now he has had to sell it and he spends his days selling the remaining family clothes on the streets."

Janine Jazraoui, a gynaecologist, says she does not dare think about the future. "It is as if we were being slowly taken back to the stone age," she says.

Mrs Jazraoui tells how her life has gone downhill since 1990. "I have had to sell my car and my jewellery. I work longer hours, but my greatest worry is the kind of society my children are now being brought up in," she says. "My son [a teenager] spends his time trading his clothes to earn money rather than thinking about school."

As a doctor, her biggest disappointment is when she receives medicines she has

never heard of. "There is no progress here. My scientific knowledge stopped 10 years ago and even that I have begun to forget," she says. Books she has access to date from the last decade. Computers are archaic and the internet a concept no one knows what to make of. Even satellite dishes have yet to reach Baghdad.

Deeply nationalistic and cut off from the rest of the world, Iraqis have been subjected to government rhetoric telling them that they are alone against the world and have to fight US conspiracy. That 1998 could be met with so much scepticism in

Baghdad is in large part because 1998 had raised hopes for an end to sanctions. The Iraqi regime's calls to end the sanctions became almost obsessive and support for a lifting of the embargo began to take hold outside Iraq. Last February, Kofi Annan, the UN secretary general, told Iraqis there was "light at the end of the tunnel" of sanctions.

Since the four days of air raids last month, Iraqis now understand the US will not agree to lift sanctions as long as Saddam Hussein remains in power.

They also know he is not about to go.

## Mubarak says Saddam is ignoring people's plight

By Mark Hubbard in Cairo

Iraqi people. His criticism followed his candid statement this week that "the ruling regime there is the cause of all problems. Egypt, of course, does not support that regime".

While apparently rejecting US and UK strategies to precipitate the overthrow of President Saddam, Mr

Mubarak told the Egyptian government daily newspaper Al-Ahram yesterday: "It is high time the Iraqi regime took responsibility for the suffering it has brought Iraqis."

His criticisms earlier this week drew a torrent of abuse from Iraqi government officials, who are incensed that

the 22-member Arab League has decided to postpone a meeting of Arab foreign ministers to discuss the US and UK bombing raids on Iraq. The meeting is now scheduled for January 24.

Arab states remain doubtful about the effectiveness of the 72-hour bombing campaign, but are also deter-

mined not to allow Iraq to divide regional opinion.

Tarek Aziz, Iraq's deputy prime minister, singled out Mr Mubarak in a virulent attack in the Iraqi government-owned newspaper al-Jumhuriya this week.

Mr Mubarak's response yesterday marks a big rise in the political temperature.

Egypt regards the recent bombings, which it strongly publicly opposed, as undermining its regional prestige because of its close ties with the US. Equally, it resents the Iraq regime's apparent determination to foster regional instability with the aim of entrenching its own power.



## BRITAIN

FOREIGN POLICY MINISTER URGES BRITISH EMBASSIES TO PLAY GREATER ROLE IN PROMOTING TRADE LINKS

## UK companies to receive ethical guide



Robin Cook drive for 'ethical dimension' to policy

By Andrew Parker, Political Correspondent

UK companies investing abroad are to receive a manual from the Foreign Office advising on best practice, such as protecting the environment and rejecting child labour.

Robin Cook, the foreign secretary, has asked the Foreign Office's global citizenship unit to produce the manual as part of his drive to provide an "ethical dimension" to UK foreign policy.

Separately, the UK has signed an Organisation for Economic Co-operation and Development convention on combating the bribery of public officials involved in

international business deals.

In a potentially controversial move, officials said the global citizenship unit was consulting aid charities about what the manual should contain to ensure

"we are not simply taking hook, line and sinker what the business community would like us to emphasise".

The unit is working closely with International Alert, a non-governmental organisation that has attacked business exploitation of natural resources in Africa.

Mr Cook has previously praised the "corporate responsibility" demonstrated by BP, Cadbury and Shell in their investments overseas.

Companies with a

track record in responsibly overseas are being consulted on the manual's terms of reference, together with non-governmental organisations.

The manual should be completed early this year.

Mr Cook particularly wants to assist small and medium-sized companies. In a speech to the Prince of Wales' business forum last November, he said: "It is easy enough for the BPs and Shells of the world to conduct environmental assessments and become active global citizens. It is less easy for smaller companies."

"When you are in a new country, setting up a plant,

and have a million and one things on your 'to do' list, making links with local groups and environmental experts might seem too much of a hassle. This is where our embassies can help."

Copies of the manual will be made available at British embassies and consulates, which Mr Cook has asked to play a greater role in trade promotion. Manuals may be tailored to the circumstances of individual countries.

The Foreign Office said the manual would offer "practical, down-to-earth advice with global application to British companies wishing to operate overseas".

## NEWS DIGEST

## ILLEGAL IMMIGRATION

## Vehicles may be seized under planned new law

Trucks may be impounded if they are used to carry illegal immigrants into the UK, the government announced today. Drivers or owners of the commercial vehicles will have to pay, or prove they have the means to pay, a £2,000 (£2,800, \$3,360) fine for each illegal immigrant before their vehicles are released.

Mike O'Brien, a Home Office minister, said an estimated 8,000 illegal immigrants entered the UK in the back of trucks in 1998. "It must stop. We asked drivers to check loads and they have not all done so," he said, adding that non-UK registered vehicles and drivers would not be exempted from the planned legislation.

Geoff Dosssetter, of the Freight Transport Association, said the proposal to impound trucks was "preposterous, ludicrous and crackpot". The Road Haulage Association has described the proposals as "outrageous" and "unworkable". Andrew Parker, London

Dr George Carey, the Archbishop of Canterbury, in his new year message yesterday called for tolerance for people seeking asylum. He pointed out that Jesus was "history's most well-known refugee".

## COMPANY INSOLVENCIES

## Survey reveals upward trend

Company insolvencies are set to rise in 1999, having already increased rapidly in recent months, according to a new survey. The study, by Deloitte & Touche, the accountancy firm, showed an upward trend in receiverships and companies put into administration.

The survey found that the number of companies on the brink of collapse in November increased for the third month running, with 134 companies having receivers and administrators appointed. The previous November saw 88 such appointments.

The highest number of failures were in London and south-east England. Manufacturing companies bore the brunt of the problems, followed by construction, transport and distribution. A breakdown of business sectors found 38 manufacturing administrations and receiverships, 15 in construction and 15 in transport.

Interest rates have been cut by a whole percentage point since October last year, a move which has been welcomed by British business. The survey was compiled from figures published in the London & Edinburgh Gazette.

## ROYAL ACADEMY EXHIBITION

## Monet breaks tickets record

Claude Monet, the "father of Impressionism", has broken the record for the most advance tickets ever sold for an art exhibition in Britain. Organisers of the Royal Academy exhibition in London said that almost 100,000 people from as far away as Hawaii and Hong Kong had applied for tickets to the "Monet in the 20th Century" show which opens on January 23.

"This is the highest number of tickets ever pre-booked for an art exhibition in the UK," the academy said. The exhibition, which has already been seen by 550,000 people at the Museum of Fine Arts in Boston USA, groups together 80 paintings from the French artist.

## US shoppers 'pay less for PCs'

By Paul Taylor in London

British shoppers still pay considerably more for PCs, handheld computers and printers than their US counterparts in spite of recent price cuts, according to a UK-based computer magazine.

The study, by Computeractive magazine, will fuel the debate about Britain's retail PC prices. It claims to show that shoppers in the UK are often charged hundreds of pounds more than US consumers for the same products.

A Compaq Presario 5150 Pentium II 350MHz multi-

media PC system - a standard home PC system - which cost \$1,254 in Future Shop, a retail chain with stores throughout the US and Canada, was 35 per cent more expensive in Dixons, the UK retail group that owns PC World, Dixons and Currys. In April last year, Dixons acquired the Byte chain of PC stores.

The magazine notes that the machine sold in the US even had a larger hard drive and twice as much memory as the machine sold in the UK. However, it did not include the same software.

The magazine found other UK high street retailers,

including Tempco and Argos, charged similar prices to Dixons. However, it added that vendors such as Gateway, which sells PCs by mail order over the internet on both sides of the Atlantic, charged almost the same in the US and UK.

A Gateway G-6850 multi-media PC was 2 per cent more expensive in the UK than an identical machine sold in the US.

UK retailers insist they face higher costs than their US counterparts. But Dylan Armstrong, deputy editor of Computeractive, said: "We don't think that any extra costs of doing business in

the UK are big enough to justify the large price differences between the US and the UK."

The article follows claims by leading PC manufacturers, such as Compaq, Computer and Fujitsu, that PC prices in Britain are out of line with those in the US and much of the rest of Europe.

John Clare, Dixons' chief executive, has written to Peter Mandelson, former chief minister for trade, and John Bridgeman, director-general of the Office of Fair Trading, saying he would "welcome any inquiry into relative pricing".

## Welsh hope for whisky galore

By Juliette Jewell

Welsh whisky could finally make a comeback - 80 years after famous local distillers such as Jack Daniels were forced out of Britain by the Methodist church temperance movement.

Plans to revive whisky distilling in Wales have been drawn up by the Welsh Company, after the courts ruled last year against Welsh whisky producers importing the spirit from Scotland.

Half the cost of the 240,000 (£571,000, \$670,000) scheme has been raised and backers hope to start distilling later this year, so the first bottles will be ready to drink in 2002. In the meantime, the company plans to sell other liquors, launch a new mineral water, take on contract bottling for other brands and open a visitor centre near Brecon, creating up to 15 full-time equivalent jobs.

However, sceptics point out that successive promises to open a distillery have so far failed. "There's no distillery in Wales, there has never been... and I don't believe there will ever be,"

said Campbell Evans, of the Scotch Whisky Association, which last February won the right in the High Court to sue over rebranding Scotch as Welsh.

Brian Morgan, a director of the new company and professor of small businesses at Cardiff University, says this time the directors have £120,000 of their own money, a £75,000 bank loan, and have applied for state aid.

In addition, they have £1m (£1.19m) from Europe to develop a new single-step distilling system to replace the normal two-stage process. Spirit not used for other products, such as a cream liqueur, will be matured for three to eight years in aged bourbon casks, possibly from Jack Daniels, or from Evan Williams, another former Welshman who moved his distilling business to Tennessee.

In the first 18 months, 240,000 will be spent marketing the spirits as "patriotically" local and as tourist gifts. Special products will also be launched to tie into the new Welsh assembly and the Rugby World Cup in Cardiff this year.

## Threat recedes to mis-selling review

By Jean Eaglesham in London

The threat of a legal challenge to the pensions mis-selling review appears to have receded, in spite of warnings that the £14bn (£33.5bn) compensation bill will put many small firms of financial advisers out of business.

The Financial Services Authority will on Tuesday launch a £10m advertising campaign aimed at up to 2m

possible mis-selling victims. The regulator, which has already overseen the review of many of the most urgent 680,000 mis-selling cases, was attacked last year by the Independent Financial Advisers Association. The trade body claimed the rules for assessing the 2m non-urgent cases were unfair and said it would seek a judicial review.

But it is understood that no legal action has been put

in train. "I don't think they ever intended to carry out their threat," said one industry commentator.

The fight to stop the review of non-urgent cases is perceived to have damaged the independent financial advice sector. Patricia Hewitt, economic secretary, said last year the campaign showed a "total disregard for customers' welfare". She said: "Following the IFA Association would be an act

of blatant folly and, frankly, commercial incompetence."

Many of the biggest firms of independent financial advisers are distancing themselves from the IFA Association's stance. The Large Networks Association and the Large Intermediaries Group, which between them represent firms with about 40 per cent of the IFA sector's £2bn turnover, are backing proposals to set up a rival to the IFA Association.

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# All the ingredients for a potent brew

FT writers concoct some predictions for what is likely to happen in 1999

## 1999

There was strong competition for the booby prize as FT soothsayer **Clive Cookson**, writes **Max Wilkinson**. This time last year, Clive Cookson, our science editor, predicted that the deadly Hong Kong "bird flu" virus would sweep the world. Thank goodness he was wrong. Chrystia Freeland was also far out in predicting that the Russian economy would at last start to grow in 1998. This is a long way from the 6 per cent contraction now generally expected for both 1998 and 1999. To be fair, none of our pundits - nor the bankers who lost their shirts - expected Russia's debt default on August 17.

Despite this, the award for best predictions must once again be shared between our economics writers. On the east Asian crisis, Martin Wolf said presciently: "What initially seemed like a hiccup now looks like a heart attack." He correctly diagnosed the need for measures to halt panic and was right that the world would "muddle through". Unsurprisingly, we have set him the same question for 1999.

John Plender bravely forecast a last leg to the bull market; he forecast the "frenzied takeover activity" and will probably be proved right about the "unhealthy speculative" nature of the market's "final fling". Still, he misses a golden award because he wrongly suggested that the markets' exuberance might be curbed by a rise in US official interest rates.

Lionel Barber was dead right that European economic and monetary union would start on three (Jan 1 1999) with 11 members. Robert Chote made a good call on sterling, saying it would remain "uncomfortably" high in early 1998 and decline towards the end of the year. Philip Stephens is also in the money with a fairly safe bet that Tony Blair would remain more popular than his party. But perhaps he could not have foreseen the extent to which Tony's disarray would boost Labour's fortunes.

Edward Mortimer deserves a mention for saying that Saddam Hussein would not be tamed ("Either he is slaughtered or caged or he rampages about"). However, there may be two views on whether last month's air strikes will whip him into submission.

## Can Clinton survive?

Gerard Baker

President Bill Clinton's remarkably high approval ratings were one of the few constants in American politics in an extraordinary 1998. In spite of the flow of revelations about sex and lies in the Monica Lewinsky affair, Mr Clinton has enjoyed the steady support of about two-thirds of the American people. Although he has now been impeached it seems a fair bet that if his ratings remain this high, he will successfully resist any attempt to bring a premature end to his term of office.

Two things underpin Mr Clinton's popular support. First, rightly or wrongly, he has been viewed as the victim of a partisan political witch-hunt in the House of Representatives. As the impeachment debate moves to the more sombre and statesman-like Senate, that may change. If senators decide to drop the pursuit of Mr Clinton and opt instead in a bipartisan way for a powerful censure, sympathy for the president may ebb.

The other factor is the economy. As long as unemployment remains at or near a 30-year low, share prices stay in the stratosphere and consumers glow with confidence, the president is likely to bask in the radiance. If, as seems likely, the economy slows, he may start to feel the chill. But barring an as yet unexpected recession or something strange in the Senate, Mr Clinton should remain in good shape.

## Will the US and the UK bomb Iraq again?

David Gardner

Probably - but it is just conceivable they will stumble on a policy before Saddam Hussein organises his next provocation. Such is the intractability of the problem and the difficulty of marshalling an international response to it, that there will (possibly) be a return to first principles.

No one really believes that bombing can depose Mr Saddam or destroy from the air the germ and nerve gas agents that seven years of UN weapons inspections have failed to uncover. By contrast, everyone more or less agrees that Saddam is a dangerous man who must be prevented

from threatening his neighbours. It follows that he should be deterred and that a way has to be found to target sanctions on him rather than ordinary Iraqis. Their plight is the cause of potent anti-western bitterness in the Arab world. The growing realisation that this could undermine Washington's friends in the region and spark terrorist assaults on the west should spur a rethink on Iraq.

## Will Tony Blair come off the fence over Emu?

Philip Stephens

Yes and no. Mr Blair will reinforce his commitment to early participation in the single currency once the euro is a reality. And if the pro-European causes in his cabinet gets its way, he will set a conditional date for entry. Look out for some warmer words from him in the next two or three months after the Treasury publishes its national changeover plan for the euro.

But Mr Blair is still loath to make a clean break with the Eurosceptic press, and the "national economic tests" he has set for entry preclude the announcement of an irrevocable date. That said, there will not be many people at the end of this year willing to wager that sterling will survive for much longer.

## Is the global financial crisis over?

Martin Wolf

The virulent phase may be over but the recovery will be slow and painful. Even continuation of today's fragile convalescence depends on the fate of the Brazilian rescue package, on China's willingness to avoid devaluation, on Japan's ability to escape financial disaster, and above all, on continued levitation by western stock markets. Moreover, widely shared economic growth will not return in 1999: crisis-hit east Asian countries will be lucky to experience any growth; the Japanese economy seems set to shrink further; and commodity exporters are coping with big declines in real income.

Maintenance of even a modicum of stability depends on vigorous US consumption, up almost 5 per cent in 1998. But this is vulnerable to the stock market. The new euro-zone should also inject strong demand. Also, the caution of the new European Central Bank ensures it will not do so.

## Will recession hit the UK?

Robert Chote

Yes. The Treasury's forecast of 1 to 1.5 per cent growth in 1999 will turn out to have been too optimistic and the out-turn will be nearer zero. Economic activity will slow abruptly in the early part of 1999 as companies shed excess stocks of unsold goods. The delayed effect of sterling overvaluation and domestic policy tightening is likely to produce a technical recession, with national output falling for at least two successive quarters. Having said this, the downturn is unlikely to be as dramatic as in the last two recessions, private sector balance sheets are in better shape and the Bank of England is cutting interest rates aggressively. Growth is still likely to be weaker in 2000 than the Treasury expects.

## Are Americans about to stop spending?

Richard Waters

The American consumer is not through yet. Even after a year in which personal consumption soared, there is plenty of buying power left. Lower US interest rates brought a record wave of mortgage refinancings in the final quarter of 1998 as homeowners rushed to lock in lower rates - and boost their disposable incomes. Add in the benefit of lower oil prices (equivalent to a \$30bn tax cut, according to Henry Willmore at Barclays Capital) and the confidence produced by a generally robust equity market, and the pumps are primed for the world's biggest spender to keep on spending.

Even the sight of the US personal savings rate falling below zero may not signal the end of the consumer boom. More Americans have come to rely on their investments, rather than their earnings, for income, so the savings rate could dive much

deeper yet. The wild card is the equity market. If share prices slump, consumer confidence would suffer. But it will probably take a nastier stock market correction than the one seen this autumn before the spending dries up.

## Will Japan turn the corner?

Paul Alderson

If government promises were enough to boost economic growth, then Japan would not only pull out of its worst postwar recession next year, it would enjoy a boom. Taichi Sakaiya, minister at the Economic Planning Agency, is so confident about positive growth next fiscal year, he has said he will resign if the economy contracts. Behind his confidence is another massive government spending package and ¥3,300bn (248bn) of corporate and income tax cuts.

His optimism may be misplaced. The danger is that Japan's ultra-cautious consumers will save rather than spend any tax cuts and that cash-strapped local authorities, which are responsible for a big proportion of the spending package, may actually cut expenditure. Moreover, these measures will not address Japan's huge structural problems, namely a credit contraction, excess supply caused by over-investment, cuts in capital spending and rising unemployment. With domestic demand flat on its back and exports falling, there is unlikely to be a single quarter of growth.

## Will N. Ireland have stable government?

John Murray Brown

The issue of terrorist weapons will dominate the Northern Ireland story in 1999. David Trimble, the Ulster Unionist leader and the province's first minister, insists the IRA must begin to decommission arms as the price for Sinn Féin's participation in the new power-sharing government.

The IRA is resisting having to give up its weapons, but senior Republicans have indicated that if parties implement all of the Good Friday accord, some voluntary destruction of IRA arsenals could follow.

With no progress on arms, the deal could unravel. But Britain and Ireland are banking on a compromise, calculating Mr Trimble and Sinn Féin have invested too much in the peace process to see it collapse.

## Will international telephone calls cost less?

Alan Cane

Yes. International call rates have been falling for the past couple of years and the trend shows no sign of reversing. As the world's telecommunications markets open up, newcomers are using price to take market share from the incumbent operator. There are signs in the more developed markets, such as the UK or France, that discount schemes are taking over from price-cutting.

So how much you pay will depend on the carrier and the country from which you are phoning. For the consumer, it will remain a complex and confusing business. This year the retail cost of a three-minute call from the US to Australia excluding taxes was \$8.25 at MCI's basic rate, \$4.50 at AT&T's basic rate and 89 cents over USA Global Link; an Internet telephony call using Delta Three cost only 37 cents.

## Will Brazil devalue?

Andrew Ellis

Brazil's peg already allows an annual 7.5 per cent decline against the dollar, so, yes, there will be an effective devaluation. But the authorities might have to take more decisive action.

The government says its promised fiscal austerity plan will stabilise the unwieldy deficit, restoring confidence and allowing interest rates to fall to pre-crisis levels. The international community, led by the International Monetary Fund and the US Treasury, has staked \$4.5bn of support on what amounts to a confidence trick.

They will probably get close enough to the fiscal target to claim success. But a deeper-than-expected recession, rising unemployment and a political backlash - not to mention the risk of further shocks in the international economy - could easily turn the

virtuous circle of growing confidence and falling interest rates into a vicious one. Then expectations of a bigger devaluation, perhaps a further widening of the real band, could prove to be a self-fulfilling prophecy.

## Which science will make the news?

Clive Cookson

The past year has been dominated by biomedical stories: genes, clones and embryo research. No doubt they will hit the headlines again in 1999.

But there is a good chance that physics, space and astronomy will get more media attention. Observations suggest that a previously unknown repulsive force is counteracting the effect of gravity and driving the universe apart at an ever increasing rate. They are likely to be confirmed in 1999, leading journalists to focus on the biggest upheaval in cosmology since scientists accepted the idea that the universe started with a Big Bang about 15bn years ago.

## What will happen to euro interest rates?

Wolfgang Münchau

Global economic uncertainty will be the most important determinant of monetary policy in the euro-zone during the year. Euro starts with short-term interest rates at 3.0 per cent after a recent co-ordinated rate cut by national central banks. This rate will almost certainly prevail during the first few months of Emu. During that period, expect technical teething problems and possibly heightened volatility in the euro/dollar exchange rate. After the transitional period is over - perhaps from March or April - interest rates could fall further. If the global financial turmoil continues, interest rates could fall all the way to 2 per cent. Alternatively, if the global economy returns to normal, the European Central Bank is likely to leave interest rates at the current 3 per cent level throughout the year.

On balance, a further rate cut, to perhaps 2.5-2.7 per cent, can be expected during the first six months of 1999.

## Who will run Russia?

John Thornhill

Barring a Lazarus-like recovery, Boris Yeltsin will be marginalised next year, allowing Yevgeny Primakov, the wily prime minister, to assert his influence. Mr Primakov may even take over as acting president should Mr Yeltsin die in office before his term expires in the summer of 2000.

The 69-year-old Mr Primakov says he reached the "limits of lucidity" by accepting the premier's post and would not want to contest the subsequent presidential elections - although he might yet be prevailed upon to think otherwise. If not, Mr Yeltsin's successor is likely to be one of Russia's 89 regional leaders. Yuri Luzhkov, Moscow's rumbustious mayor, and Alexander Lebed, the nationalist governor of Krasnoyarsk, are the strongest contenders. In any event, such leaders will amass more power as the Kremlin's authority crumbles and Russia fumbles its way towards a truly federal state for the first time.

## Will China devalue?

Peter Montagnon

China has made so much fuss about its determination not to devalue the renminbi that it could not now easily alter course without a serious loss of credibility. While other governments in similar circumstances insist on maintaining the exchange rate right up to the last minute, there are real reasons for thinking China is not putting on an act.

Its exports to Japan have suffered and the high exchange rate has put pressure on domestic prices for items such as steel. But the real source of its economic slowdown is a collapse in domestic demand, particularly in the relatively underdeveloped hinterland. Devaluation would not help the hinterland but it would undermine the authority of Zhu Rongji, the prime minister.

## Will mega-mergers continue?

Tony Jackson

That depends on the equity market. As we saw in the summer, when the market slumps the deals dry up and vice versa. This might seem illogical since when the market falls the target gets cheaper. But most of the big deals today are for equity, not cash, so the bidder's currency depreciates as well. And a

## Will Mahathir resign?

Peter Montagnon

After the fall of Indonesia's President Suharto, Dr Mahathir Mohamad of Malaysia is the



## Will Bill Gates lose his antitrust lawsuit?

Peter Martin

There is a good chance that the court currently hearing the trial will rule against Microsoft. But any penalties may well be lighter because of the purchase of Netscape, the Microsoft rival around which much of the case revolves, by America Online. Judge Thomas Penfield Jackson said, as the hearings adjourned for the holidays, that the merger "might be a very significant change in the playing field as far as this industry is concerned". The deal gives Netscape a powerful ally in the battle against Microsoft and provides a market solution to the problem the case addresses.

In any case, the appeal court to which Microsoft would turn next if it lost has appeared more friendly to the company than Judge Jackson. But in a wider sense, the trial will continue to harm Microsoft, since much of the testimony highlights aggressive corporate behaviour that reflects Mr Gates's own combative personality. It is also forcing other computer companies to take sides - and they are often lining up against him.

## Will PCs start talking?

Peter Taylor

Some PC-based devices, such as car navigation systems and automated voice response systems, do already "speak", albeit using a limited vocabulary. Other systems have been developed that will "translate" text to speech and there are commercially available software packages that allow the user to control a PC using voice, or which convert dictation into computer-based text.

These systems can now cope reasonably with ordinary continuous speech but must still be "trained" by the user in order to work well.

More potent microprocessors and further improvements in the various voice and other technologies underlying computer "speech" will gradually enable PCs to handle more complex tasks including speech and it probably will not be long before PCs speak rather than display messages. But despite the big gains made in this area, computers that can not only speak but hold real and intelligent conversations are still a long way off.

## Will the SNP triumph in the Scottish elections?

James Baxton

The Scottish elections on May 6 will be the most important event in UK politics in 1999. The Labour government used to say devolution would kill off the Scottish National party, which wants to take Scotland independent, but watched against last summer as the SNP surged past it in the opinion polls. Labour has since re-established its lead but the election will be close.

In the unique two-vote ballot Labour should do well in the constituency section under first-past-the-post and the SNP ought to score in the party section under proportional representation. But there are more seats in the first section than the second so if both parties take 37-38 per cent of the

## What will happen to the oil price?

Robert Coates

According to futures contracts, crude prices should rise to about \$12.50 a barrel by the end of 1999, a modest 32 or so increase on current depressed levels. But after a year in which oil markets have been in a seemingly permanent state of shock as prices tumbled to 12-year lows, few pundits appear willing to make unqualified predictions.

Most, however, believe crude has fallen so far that a move upwards is likely. Even vocal doomsmongers, such as the International Energy Agency, now acknowledge that "the factors that caused and sustained the price collapse are dissipating".

But given the size of the global crude surplus, even a modest increase will require several conditions to be met. These include: no recession in the US, the world's single biggest oil market; improved compliance by leading exporters to already agreed export curbs; colder weather than seen so far this winter; and no big increase in Iraq's crude exports.

Perhaps the only event that would push prices decisively higher would be a long disruption from a big oil exporting country. Signs of economic recovery in Asia would also be bullish.

## Will US equities collapse?

John Plender

The US economy is being driven by consumer spending. Consumer spending is driven by the stock market as people borrow on their unrealised gains to spend. So the market has to rise if the economy is not to stall. This is the unstable circularity snacks of Japan in the 1980s.

The Fed's moves to prevent a meltdown have convinced investors that equities are risk-free. But earnings are deteriorating and the circularity problem implies vulnerability to stocks. The dollar looks like an accident waiting to happen - a warning given that European investors are the swing purchasers of US equities.

Americans cannot run a negative household savings ratio for ever. There will be a collapse. In a world heavily dependent on the US economic locomotive, that's would be a disaster this year. But we shall be lucky to avoid it.

...the river on a temporary basis some years before and, as the way with the rest would return to the normal when I was led into court and very nearly empanelled. But it was not to be. A fellow potential juror, who had earlier ...

...as that. This did I save the cause of justice, truth and the British way. Henry Fonda eat your heart out.



## COMMODITIES &amp; AGRICULTURE

# Outlook for oil remains uncertain

## WEEK IN THE MARKETS

By Paul Soliman

World oil prices are beginning 1999 priced at less than two-thirds of their level at the same time in 1998. The benchmark February contract on London's International Petroleum Exchange closed at \$10.53 a barrel on Thursday, unchanged on the day but substantially below its value of \$16.81 at the beginning of last year.

Commodity markets were closed yesterday for the New Year's Day holiday. Crude has traded relatively quietly during the Christmas period, though further signs of unrest in the Middle East early this week pushed Brent up 50 cents in one session.

The outlook for prices this year remains uncertain. Lower demand in Asia and continuing fears about supply levels pushed Brent to 11-year low of \$9.64 in December.

Some analysts are now predicting an upturn in the first half of 1999, but calls to add to the 2.6m barrels of daily production cuts agreed by leading oil producers in 1998 have gone unheeded, and the Organisation of Petroleum Exporting Countries is not scheduled to meet again until March.

Meanwhile, base metals ended the week mixed on the London Metal Exchange. Three-month nickel was \$4,170 a tonne at Thursday's close, \$110 higher than Wednesday's level and \$355 above its price on Christmas.

## Oil price



Oil price  
Brent Blend 2-month forward  
(\$ per barrel)

Commodity	Unit	Price	Change
Aluminium	tonnes	1,650.00	+20.00
Copper	tonnes	2,850.00	+20.00
Lead	tonnes	1,950.00	+20.00
Nickel	tonnes	4,170.00	+110.00
Zinc	tonnes	2,550.00	+20.00
Tin	tonnes	2,350.00	+20.00

Eve, the final day of trading last week.

Copper ended down \$9.50 at \$1,650.50 a tonne but still up \$1.50 on the week, while aluminium finished down \$4 at \$1,650.50 a tonne, up \$3.50 on the week.

Hog prices strengthened in Chicago this week after the US Department of Agriculture said inventories had fallen between September and December.

February lean hogs rose 1.125 cents to 33.45 cents a pound on the Chicago Mercantile Exchange on Wednesday, though they had slipped back to 32.65 cents a pound by Thursday's close.

Hog prices fell to their lowest for 50 years in 1998 and US farmers have suffered huge losses.

The London International Financial Futures and Options Exchange was closed on December 31.

## WEEKLY PRICE CHANGES

Commodity	Unit	Price	Change
Gold per troy oz		329.75	+0.75
Silver per troy oz		27.50	+0.25
Copper Grade A (cash)	tonnes	2,850.00	+20.00
Lead (cash)	tonnes	1,950.00	+20.00
Nickel (cash)	tonnes	4,170.00	+110.00
Zinc (cash)	tonnes	2,550.00	+20.00
Tin (cash)	tonnes	2,350.00	+20.00
Crude oil (Brent)	barrels	10.53	-0.28
Crude oil (WTI)	barrels	9.64	-0.10
Crude oil (Dubai)	barrels	8.50	-0.10
Crude oil (Singapore)	barrels	10.53	-0.28
Crude oil (Japan)	barrels	10.53	-0.28
Crude oil (Korea)	barrels	10.53	-0.28
Crude oil (India)	barrels	10.53	-0.28
Crude oil (China)	barrels	10.53	-0.28
Crude oil (Russia)	barrels	10.53	-0.28
Crude oil (Brazil)	barrels	10.53	-0.28
Crude oil (Mexico)	barrels	10.53	-0.28
Crude oil (Argentina)	barrels	10.53	-0.28
Crude oil (Colombia)	barrels	10.53	-0.28
Crude oil (Venezuela)	barrels	10.53	-0.28
Crude oil (Iran)	barrels	10.53	-0.28
Crude oil (Iraq)	barrels	10.53	-0.28
Crude oil (Libya)	barrels	10.53	-0.28
Crude oil (Saudi Arabia)	barrels	10.53	-0.28
Crude oil (UAE)	barrels	10.53	-0.28
Crude oil (Oman)	barrels	10.53	-0.28
Crude oil (Qatar)	barrels	10.53	-0.28
Crude oil (Kuwait)	barrels	10.53	-0.28
Crude oil (Bahrain)	barrels	10.53	-0.28
Crude oil (Yemen)	barrels	10.53	-0.28
Crude oil (Syria)	barrels	10.53	-0.28
Crude oil (Jordan)	barrels	10.53	-0.28
Crude oil (Lebanon)	barrels	10.53	-0.28
Crude oil (Israel)	barrels	10.53	-0.28
Crude oil (Cyprus)	barrels	10.53	-0.28
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## CURRENCIES &amp; MONEY

## Euro takes off

## MARKETS REPORT

By Alan Beattie

The scramble to convert trading systems into euros started on Thursday after the long-awaited conversion rates for the euro-zone currencies were published.

Conversion rates for the legacy currencies were announced at a European Commission press conference.

As expected, the conversion rates of the legacy currencies were set at their central parties within the exchange rate mechanism (ERM).

The currencies traded exactly on their ERM parties from the beginning of trading on Thursday.

The rates at which individual currencies will convert into the euro were taken as the level at which they were trading against the ECU at the time.

In the case of the D-Mark, this was at DM1.93626.

■ Sterling fell again on Thursday as the last remaining Ecu arbitrage trades were unwound, but the fall was far short of the precipitous drop some had feared. Having started London trading hours at around DM2.75, the pound fell to DM2.77 early in the session. Sterling then remained around this level, to close for the last time against an independent D-Mark around two pence down at DM2.771.

■ The remaining sales of the pound in New York

sterling, although not believed to be huge in size, were enough to push the currency lower in extremely thin markets.

Some suspected that the Bank of England may have intervened in the market to support the level of sterling after its early fall, explain-

ing the consolidation at the DM2.77 level.

But given the dire prognostications of some in the market, the authorities may consider themselves fortunate that sterling appears to have escaped with only a couple of pence loss against the D-Mark.

"The potential for sterling exchange trading at a US bank in London... With the Ecu arbitrage game over, the risk related to Ecu basket trading has gone," he added.

■ The UK currency faces an uncertain future in the new year. There may be initial upward boosts from the unwinding of short positions taken by Ecu bondholders wanting to hedge their exposure to sterling arising from the pound's weight within the Ecu basket.

But if liquidity returns to the market quickly enough, the effect on sterling from this source could be muted. "If the market normalises its trading volume - and I expect this to happen fairly quickly in the new year - it should be able to cope with

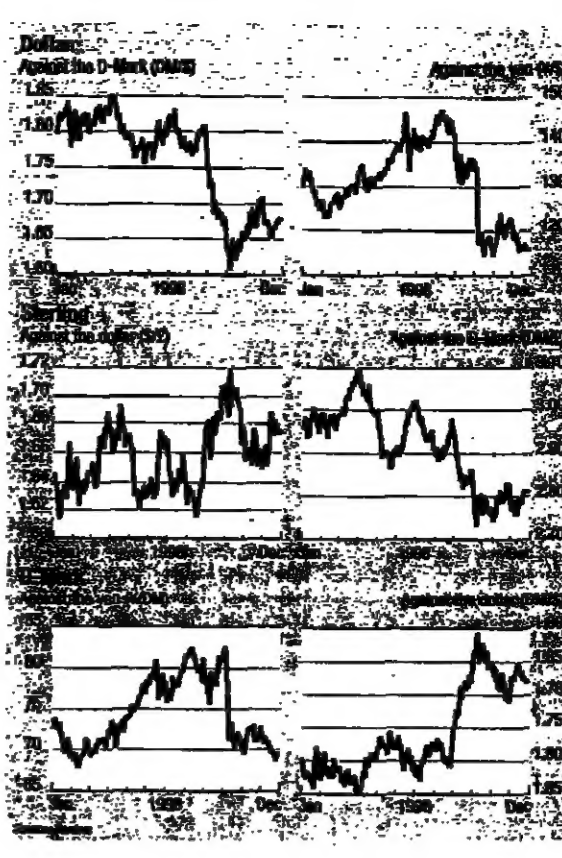
these trades without moving the price unduly," said the foreign exchange trading head. "We can return to a situation where sterling trades as normal," he added.

But in the longer term the sticky state of the UK economy, and the threat of portfolio shifts out of sterling into the euro, mean that the pound could face a rocky few months.

■ The dollar also had some end-of-year jitters on Thursday, falling to a 12-week low against the yen. But attempts to link this to the threat to its status from the launch of the euro seemed fanciful.

The dollar fell from its level of around ¥115 to below ¥113.5 in the Asian trading session. It then sank a little lower during European trading hours, closing for the year at ¥113.5.

But despite rising yields on Japanese government bonds increasing the attractiveness of the yen, the fall seemed to be linked to a few deals pushing the price around in an almost non-existent market.



## WORLD INTEREST RATES

## MONEY RATES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

■ LIBOR RATES London  
Interbank Floating - 5.5 5.5 5.5 5.5 - - -  
US Dollar 3M - 4.50 4.50 4.50 4.50 - - -  
3M US Dollar 3M - 4.50 4.50 4.50 4.50 - - -  
3M US Dollar 3M - 4.50 4.50 4.50 4.50 - - -

London interest rates are LIBOR in the UK, London, New York, and other major financial centres.

## EURO CURRENCY INTEREST RATES

Dec 31	Short term	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

London interest rates are LIBOR in the UK, London, New York, and other major financial centres.

## POUND SPOT FORWARD AGAINST THE POUND

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## UK INTEREST RATES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## LONDON MONEY RATES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## UK CLOSING BANK LENDING RATE

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
France	3.5	3.5	3.5	3.5	4.50	3.00
Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## CROSS RATES AND DERIVATIVES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
Belgium	3.5	3.5	3.5	3.5	6.00	2.75
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Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## CROSS RATES AND DERIVATIVES

Dec 31	Over 12 months	Three months	Six months	One year	Long term	Repo rate
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Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

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Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

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Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

## CROSS RATES AND DERIVATIVES

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Germany	3.5	3.5	3.5	3.5	4.50	2.50
Italy	3.5	3.5	3.5	3.5	4.50	3.50
Spain	3.5	3.5	3.5	3.5	4.50	3.00
Switzerland	1.5	1.5	1.5	1.5	1.00	-
UK	7.5	5.5	5.5	5.5	-	-
Japan	5.5	5.5	5.5	5.5	-	-

Source: Reuters, French Press, Bloomberg, and other major financial centres.

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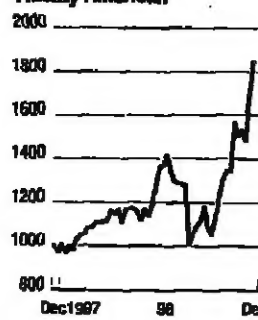
## TOP FIVE OVER 1 YEAR:

Save & Prosper Korea	2,035
Fidelity American	1,848
Schroder Seoul	1,819
Baring Korea	1,807
Baring German Growth	1,816

## BOTTOM FIVE OVER 1 YEAR:

Dimensional UK Smaller Cos	144
Scott Widows Latin America	456
AB Govell Latin America	540
Five Arrows G Latin America A	564
Perpetual Latin American Gm	586

## Fidelity American



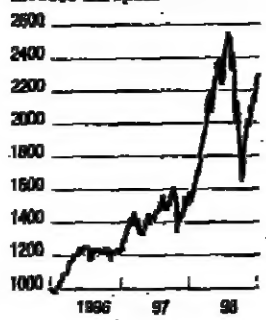
## TOP FIVE OVER 3 YEARS:

Investor European Growth	2,487
Investor European Growth	2,287
Jupiter UK Growth Exempt	2,217
TU European	2,163
Newton European	2,138

## BOTTOM FIVE OVER 3 YEARS:

Dimensional UK Smaller Cos	174
Old Mutual Thailand Acc	293
Save & Prosper Gold & Expat	325
Lazard Pacific Growth	425
Schroder Japan Small Cos Acc	428

## Investor European Growth



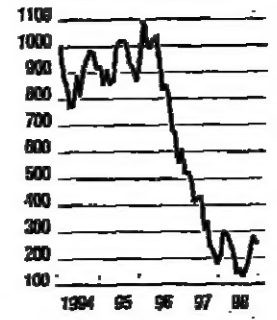
## TOP FIVE OVER 5 YEARS:

Fidelity American	3,181
GA North America Growth	3,142
Aberdeen Pacific Technology	3,063
Investor European Growth	2,921
Gartmore European Smaller Cos	2,911

## BOTTOM FIVE OVER 5 YEARS:

Dimensional UK Smaller Cos	195
Old Mutual Thailand Acc	250
Save & Prosper Gold & Expat	256
Save & Prosper South East Asia	342
Save & Prosper Korea	348

## Old Mutual Thailand Acc



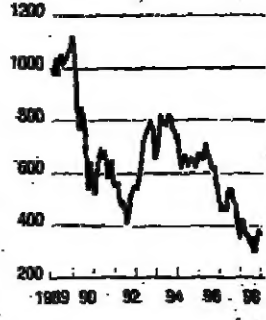
## TOP FIVE OVER 10 YEARS:

Aberdeen Pacific Technology	9,289
GA North America Growth	8,721
FAC US Smaller Companies	7,659
Fidelity American	7,619
Edinburgh North American	7,261

## BOTTOM FIVE OVER 10 YEARS:

Dimensional UK Smaller Cos	281
Baring Japan	378
M&G Japan Acc	453
Henderson Japan Smaller Cos	475
Investor Japan Growth	500

## Baring Japan



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

## Indices

	1 year	3	5	10	Volatility	Yield
Average Unit Trust	1055	1227	1420	2543	4.4	2.4
Average Investment Trust	1189	1350	1418	2255	5.2	4.0
Bank	1045	1123	1209	1780	6.0	5.7
Building Society	1042	1114	1282	1725	6.0	5.4
Stockmarket: FTSE All-Share	1152	1335	1880	4040	3.8	4.05
Indexation	1020	1027	1101	1405	0.3	-

## UK Growth

	1 year	3	5	10	Volatility	Yield
Jupiter UK Growth Exempt	1240	2217	-	-	4.8	0.8
Johnston Fry Sister Growth	934	1829	1978	4315	4.3	1.5
Rever & Mercantile 1st Growth	1108	1792	2280	-	3.8	1.9
East Capital Growth	1128	1744	1779	-	5.8	-
Market & Spencer UK 100 Cos Acc	1188	1725	-	-	4.0	1.5
SECTOR AVERAGE	1048	1430	1602	2914	3.9	1.6

## UK Growth &amp; Income

	1 year	3	5	10	Volatility	Yield
CF The Uniteds	1211	1763	2040	-	3.7	2.0
Fleming Select UK Income	1159	1753	2012	3363	3.7	2.8
Rever & Mercantile Top 100	1182	1716	-	-	3.8	2.7
Laurence Keen Income & Growth	1128	1713	1816	-	3.7	2.9
HSBC Finance Fund	1185	1702	1823	-	4.0	1.7
SECTOR AVERAGE	1088	1485	1682	3138	3.7	2.2

## UK Smaller Companies

	1 year	3	5	10	Volatility	Yield
GT UK Smaller Companies Acc	1208	1660	1598	-	4.3	1.2
Henderson Exempt Cynnet	1084	1571	1835	-	4.3	1.0
NorthWest UK Smaller Cos	869	1477	-	-	4.7	2.2
Gartmore UK Smaller Companies	895	1468	1987	2445	4.9	1.2
Laurence Keen Smaller Cos	982	1448	2030	-	4.4	1.7
SECTOR AVERAGE	886	1111	1288	1940	4.5	1.9

## UK Equity Income

	1 year	3	5	10	Volatility	Yield
RWD UK Equity Income	1129	1710	2078	3559	3.4	3.2
Premier Dividend	1180	1686	1946	2902	3.5	3.5
Fidelity Income Plus	1180	1659	1728	2878	3.3	4.0
Jupiter Income	1052	1610	2167	3293	3.1	3.7
Antonia High Yield	1140	1598	1879	4348	3.2	3.7
SECTOR AVERAGE	1057	1450	1575	2933	3.4	3.9

## UK Equity &amp; Bond Income

	1 year	3	5	10	Volatility	Yield
Edinburgh UK Income A	1130	1558	1694	2516	3.0	3.2
Hobby National Extra Income	1085	1557	1849	2651	2.5	4.2
CIS UK Income	1101	1531	1681	-	2.8	3.2
CSU PPT High Yield	1118	1457	1558	2518	2.7	5.3
HSBC High Income	1031	1484	-	-	2.5	5.3
SECTOR AVERAGE	1080	1375	1451	2551	2.8	4.8

## UK Eq &amp; Bd

	1 year	3	5	10	Volatility	Yield
Perpetual High Income	1045	1512	1785	4591	3.8	3.6
Capital Income Dis	1063	1495	1617	2630	3.1	2.7
NPI UK Extra Income	1133	1484	1747	-	3.8	1.8
AXA Sun Life High Yield	1076	1478	1521	2673	3.1	2.6
Lloyds Bank Extra Income	1071	1459	1560	2946	3.1	3.6
SECTOR AVERAGE	1073	1440	1606	3169	3.1	2.8

## UK Fixed Interest

	1 year	3	5	10	Volatility	Yield
CSU PPT Preference	1120	1516	1548	2441	2.3	5.8
Profitable Prof & Fixed Interest	1115	1507	1586	2286	1.5	5.2
Montagu Glen MP Annuity Curve Co	1148	1487	-	-	1.7	4.8
Henderson Preference & Bond	1084	1461	1542	2150	1.2	6.8
CSU PPT Monthly Income Plus	1095	1441	1625	-	1.7	6.8
SECTOR AVERAGE	1088	1318	1381	2230	1.4	5.9

## UK Gift

	1 year	3	5	10	Volatility	Yield
Fleming Select Long-dated Gilt	1283	1853	-	-	2.2	5.2
Fidelity Institutional Lg Gilt	1255	1813	-	-	2.2	5.5
Mercury Long-dated Bond	1174	1422	1460	-	3.1	3.4
M&G Gilt & Fixed Interest	1162	1423	1430	2403	1.5	4.4
Fleming Select UK Index Linked	1184	1419	-	-	1.3	2.2
SECTOR AVERAGE	1128	1311	1305	2250	1.4	4.7

## Far East ex Japan

	1 year	3	5	10	Volatility	Yield
HSBC Hong Kong Growth	831	1061	871	4575	10.8	2.5
Friends Prov Australian	832	1058	1185	2607	5.2	-
INVESTOR Hong Kong & China	743	874	856	3512	10.0	2.0
Royal & Sun Life Far East	1063	754	711	1102	6.5	1.3
Breadwin RCM Oriental Income	885	740	686	1022	6.5	3.3
Old Mutual Hong Kong	818	838	857	3571	10.8	1.7
SECTOR AVERAGE	829	830	823	2338	9.1	1.4

## Far East Inc Japan

	1 year	3	5	10	Volatility	Yield
Jupiter Far Eastern	1052	832	849	1751	7.8	-
Save & Prosper Far East Sm Cos	1007	819	490	-	6.1	0.5
AB Govell Greater China	791	793	658	1819	8.7	-
Royal & Sun Life Far East	1023	754	711	1102	6.5	1.2
Breadwin RCM Oriental Income	885	740	686	1022	6.5	3.3
SECTOR AVERAGE	929	853	886	1423	6.7	0.9

## Japan

	1 year	3	5	10	Volatility	Yield
Newton Japan	1043	847	925	901	6.1	-
Bullish Global Japan	1062	843	901	1205	5.8	-
GT Japan Growth	979	822	925	1195	5.4	0.0
Murray Japan Growth	1165	821	979	-	5.8	-
Marlin Come Japan	1053	801	863	-	5.8	-
SECTOR AVERAGE	1037	807	883	797	6.4	0.4

## Europe

	1 year	3	5	10	Volatility	Yield
INVESTOR European Growth	1457	2287	2921	5880	6.6	-
TU European	1380	2163	2776	-	4.7	1.2
Newton European	1388	2139	2582	4884	5.8	0.9
Baring German Growth	1816	2077	2173	-	6.1	0.5
Thameswater Euro Sm Cos Acc	1348	2063	2683	4914	6.2	0.2
SECTOR AVERAGE	1236	1717	2038	4205	5.8	0.7

## Global Emerging Mkts

	1 year	3	5	10	Volatility	Yield
Stewart Ivory Emerging Market	737	852	875	-	8.3	1.3
HSBC Global Emerging Mkts	728	787	-	-	-	-
Mercury Emerging Markets	855	772	911	-	8.7	0.3
Gartmore PS Emerging Markets	751	754	483	-	8.3	1.2
Save & Prosper Emerging Mkts	736	736	-	-	9.5	1.1
SECTOR AVERAGE	698	678	495	1650	8.2	1.2

## International Equity Income

	1 year	3	5	10	Volatility	Yield
GT International Income	1185	1802	1791	4086	3.5	2.4
Premier Global 100	1270	1802	1594	2217	4.3	-
Mayflower Global Income	1072	1345	1510	2565	3.3	2.2
M&G International Income	1062	1334	1434	3277	3.6	4.0
SECTOR AVERAGE	1119	1448	1572	3131	3.7	2.3

## International Fixed Interest

	1 year	3	5	10	Volatility	Yield
Newton International Bond	1084	1235	1284	-	1.8	4.0
Baring Gilt Int'l Fix Interest	1077	1225	1270	-	1.0	4.1
Baring Global Bond	1048	1223	1306	-	1.3	4.8
Merthorrough Managed	1080	1220	1252	2521	1.7	3.2
AGS Int'l Bond & Convertible	1053	1209	1221	-	1.1	5.4
SECTOR AVERAGE	1064	1058	1113	1943	1.7	4.4

## International Equity &amp; Bond

	1 year	3	5	10	Volatility	Yield
Fleming General Opportunities	1159	1495	1578	-	2.6	3.1
GA Income Portfolio	1138	1484	1425	-	3.8	2.5
MT General	1088	1374	-	-	3.9	3.3
Gartmore PS Medium Term Bond	1104	1374	1477	2543	2.2	2.7
Bank of Ireland Ex Hgd Growth	1048	1372	1584	3280	4.7	1.8
SECTOR AVERAGE	1098	1250	1363	2957	3.0	2.5

## International Growth

	1 year	3	5	10	Volatility	Yield
Fidelity Managed International	1401	1786	2181	4587	5.1	0.5
Gartmore Global Utilities	1329	1779	1857	-	4.5	1.1
Franklin Research	1100	1744	2088	6148	5.3	0.7
Scott Equitable Technology	1447	1712	2041	6575	6.1	0.9
Save & Prosper Financial Secs	1012	1712	2072	4613	5.1	0.8
SECTOR AVERAGE	1066	1254	1413	3032	5.1	1.1

## INVESTMENT TRUSTS

## WINNERS AND LOSERS

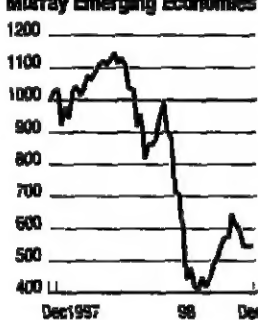
## TOP FIVE OVER 1 YEAR:

Aberdeen Preferred Income	1,800
Perpetual European	1,554
Investor Korea	1,504
Jupiter Primadonna Growth	1,480
Henderson Technology	1,438

## BOTTOM FIVE OVER 1 YEAR:

First Russian Frontiers	156
Foreign & Col Em Markets	387
International Biotechnology	408
Aberdeen Latin American	510
Murray Emerging Economies	547

## Murray Emerging Economies



## TOP FIVE OVER 3 YEARS:

Foreign & Col Enterprise	3,174
Jupiter Primadonna Growth	2,815
Perpetual European	2,305
Henderson EuroTrust Units	2,284
TR European Growth	2,193

## BOTTOM FIVE OVER 3 YEARS:

||
||
||



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**AMRO Ford Motors** | tel 0900 00 00 00

[illegible]

OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J.P. Jenkins Limited in association with Newstrack Limited, a sister company.

The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

[illegible]

The EASDAQ All Share Index (EASI) for 30th December 798.54 up 0.74% Day's high 799.82 Day's low 796.08  
ASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of  
ASDAQ Group Market can be bought and sold through EASDAQ Members

[illegible]

All funds within this section, whether OEICs or unit trusts, are authorised in the UK by the Financial Services Authority. The prices quoted should only be used as a guide.

DEIC: Open-ended investment company similar to a unit trust but using a company rather than a trust. The symbols are as follows: (P) - 0001 to 1700; (S) - 1701 to 1400; (A) - 1401 to 1700.

**Share Classes:** Separate classes of shares are denoted by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, changing structure or type of holder.

**Initial charge:** Charges made by a unit test manufacturer to the buyer. Used to delay assembly and administrative costs, including commissions paid to intermediaries. For unit tests this charge is included in the buying price of units. For DICE see "DICE Single Price".

**Buying price:** Also called *offer price*. The price at which a seller is willing to sell the security. Includes owner's initial charge.

**Selling price:** Also called *bid price*. The price at which a buyer is willing to buy the security. Includes owner's initial charge.

**Forward pricing:** The letter F denotes that the storage/transportation cost at the time to be set at the next valuation. Investors can see prices on definite price in advance of the purchase or sale being carried out.

**DEG Single Price:** Based on a mid-market quotation of the underlying investments. The buying and selling price for shares of an DEG are the same. Manager/Investor's initial charge are shown separately.

Other explanatory notes are contained in the last column of the FI Managed Funds Service.

The fund prices published in this section are also available at the Financial Times' web site, <http://www.FT.com>

...the river on a temporary basis some years before, and this was the way with



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هكذا من الاصل



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[illegible]

## MANAGEMENT SERVICES

## Money Market Trust Funds

## Money Market Bank Accounts







JAN 16 1999

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LUXEMBOURG (FSA RECOGNISED)									
LUXEMBOURG (REGULATED)**									
OFFSHORE INSURANCES									

...a temporary ...the way with ...ment when I was led into ...court and very nearly ...empanelled. But it was not ...to be. A fellow potential ...juror, who had earlier ...eral more trials of a similar ...nature and was, in any case, ...as unbalanced as a fruit ...cake - the sort of misdi ...who in former times would ...of that. ...Thus did I serve the cause ...of justice, truth, and the ...British way. Henry Fonda ...eat your heart out.



**Chemical**

**Thursday**

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## LONDON SHARE SERVICE

**INVESTMENT TRUSTS - Continued**[illegible]

Poland: Poland	2000	---	---
Wrocław	2000	---	---
Wrocław	2000	---	---

[illegible]

Second London Amer. 1813 -A  
Sgt 1st Scot 112nd 120

Shawmut National 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Bank	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	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# Dow weakens but high-techs power ahead

## Brazil holds key to Latin American recovery

Positive underlying trends and low price-earnings ratios offer hope in 1999 after last year's steep share falls, says **Richard Lapper**

## AMERICAS

The final session of the year ended with markedly mixed results on Wall Street, as the Dow Jones Industrial Average lost more than 90 points but many computer and small company shares advanced, writes John Labate in New York.

A report that Bell Atlantic was in takeover talks with Airtouch Communications sent both moving late in the session. The former plunged more than 7 per cent to \$53 while Airtouch gained 32% or 40 cents at \$77.40.

The Dow Jones closed down 32.1 or 1.0 per cent at 1,811.43 and the Standard & Poor 500 index fell 2.70 to 1,229.22.

Despite the pullback in the blue-chip index in recent days, the Dow ended 1998 with a gain of 16 per cent. The overall rise in the S&P 500 index was even sharper, up more than 26 per cent.

The Nasdaq composite rose 25.74 on Thursday to 2,507.45, up 1.02 per cent. Analysts were generally upbeat that put its gain for 1998 at nearly 40 per cent.

The Russell 2000 index of small-company shares rose 10.05 to 421.96, down slightly from the year's beginning.

Financial Online also traded in heavy volume, up \$12 to \$16.50.

Among Dow members, DuPont was the greatest percentage faller, off more than 4 per cent at \$53.4.

Midwestern bank Firststar rose \$1.71 to \$38.01 on its inclusion in the S&P 500. Internet-related companies were mostly lower, with online broker E\*Trade off \$4.44 at \$46.50. Real.com fell 2.44 to \$24 per share or 9.5% to \$20.75.

After it said its chief executive had added to his holdings in the company, TORONTO saw stock up 1998 with an energy-fueled rally on Thursday. The TSE 300 finished up 55.35 to 4,655.30, but in very thin volume of 58.5m shares. All but one of the 300's sub-indices were higher. Led by the energy group which rallied 3.2 per cent after gains in oil and natural gas prices.

In the computer sector, Teradyne climbed 3½ to \$42 and Sun Microsystems gained 1½ to \$55. Amoco was the most actively traded share on the New York stock exchange, gaining ¼ to \$59 after US regulators backed its merger with British Petroleum. America Online also traded in heavy volume, up 12 to \$160.

**Among Dow members,** DuPont was the greatest percentage faller, off more than 4 1/2 per cent at \$53 3/4.

**Midwestern bank first** rose 1 1/2 to \$93 1/4 on its inclusion in the S&P 500. Internet-related companies were mostly lower, with online retailer E-Trade off \$4 1/4 at \$46 1/2.

**Energy stocks** were mixed, with Enbridge up 1/4 per cent or 9 1/4 to \$20 1/4 after it said its chief executive had added to his holdings in the company.

**TORONTO** saw out 1998 on Thursday. The TSX 300 finished up 55.26 at 4,685.30, but in very thin volume of 1.5 million shares. All but one of the 30 stocks is sub-indexes, and the higher were higher.

**Energy group** which rallied 3.2 per cent after gains in oil and natural gas prices.

Over the last decade Latin America has fought hard to change its reputation as a high-risk destination for portfolio investment. But developments in 1996 have undone much of that work. Even though stock and bond prices have climbed some way from September lows, the region's stock markets have had their worst year since 1987.

Uncertainty surrounding Brazil and its ambitious programme of fiscal adjustment is casting a shadow over the prospects for recovery this year.

Hopes that Latin America might escape the fall-out from the economic crisis in Asia and Russia evaporated in the summer when Russia's debt default triggered a flight of capital from Brazil and a reduction in financing from international capital markets for all emerging markets.

Latin America's traditionally externally dependent economies had already been hit by falls in commodity prices and reduced demand for manufactured exports. And as all these problems intensify, economic growth is slowing and corporate earnings are under pressure.

Brazil, the region's biggest economy, faces a potentially deep recession. Many investors fear its fiscal adjustment programme - and its \$4.5bn package of international assistance led by the International Monetary

**Latin America**  
FC Emerging Market Index (1980=100)

**Brazil**  
Composite Index (1980=100)

Fund - could come unstuck, plunging Brazil and its regional trading partners into turmoil and further denting sentiment towards emerging markets.

Many markets have come back strongly from their September lows when uncertainty over Brazil led investors to dump holdings of all Latin American assets. Argentina gained more than 17 per cent in the last three months of the year, while Mexico was up about 15 per cent and Chile and Colombia more than 20 per cent.

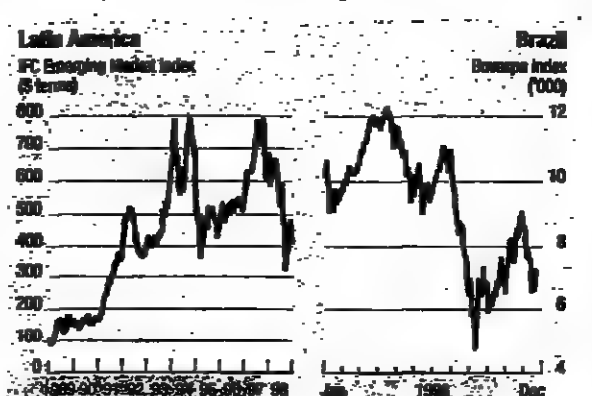
Nevertheless, over the year as a whole, Latin America stock prices have fallen on average more than 30 per cent in dollar terms.

Five Latin American markets are among the 10 worst performing in the world. Venezuela, devastated by the oil price fall and political uncertainty ahead of the

presidential election victory of radical populist Hugo Chávez, has been worst hit. Its market lost more than 50 per cent over the year while four others - Colombia, Mexico, Brazil and Argentina - fell more than 35 per cent apiece.

International fund managers, who over the last five years have begun to look at Latin America seriously for the first time, have been frightened off. "Confidence has taken a severe shock in 1998 and it will take some time to come back," says Peter West, chief economist at INV Securities in London.

Traders say many so-called global equity funds have cut their Latin America asset allocation to zero. Liquidity has slowed to a trickle with daily volumes in Brazil hovering at about \$250m-\$300m a day, less than half the levels of 1997.

FTSE Actuaries Share Indices European series

Dec 30	Midwest & Regional	52w index	Day's change	Yield	25 day avg	Index rank (500)
FBISE Europe300	1152.74	-0.74	-8.88	2.30	25.51	1217.85
FBISE Europe 100	1222.87	-0.82	-28.21	2.26	40.15	678.59
FBISE Europe 10	968.29	-0.28	-2.35	2.38	18.08	1033.86
FBISE Europe100	1194.61	-0.85	-10.89	2.62	21.1	1187.63
FBISE Europe100	1215.72	-1.05	-13.02	2.80	5.33	1241.48
FBISE Europe100	1208.08	+0.80	+0.85	2.24	0.40	1231.47
FBISE Europe300 Regionals						
Europe	1269.82	-1.01	-17.89	2.77	37.67	1276.43
Europe	1269.82	-1.01	-17.89	2.77	37.67	1276.43
Europe	1269.82	-1.01	-17.89	2.77	37.67	1276.43
Europe	1269.82	-1.01	-17.89	2.77	37.67	1276.43
FBISE Europe100	1234.40	-0.32	-0.85	2.07	20.00	1257.50
FBISE Europe100 Industry Sectors						
RECOMMENDATIONS	853.90	-0.80	-7.75	8.31	28.22	803.40
Extractive Industries	722.83	-1.57	-12.48	4.74	1.54	748.30
Oil, Integrated	856.80	-0.88	-7.23	3.27	21.73	857.06
GENERAL INDUSTRIES	1065.18	-0.58	-0.18	2.30	21.44	1087.04
Construction	863.94	+0.51	+4.47	2.21	11.06	894.12
Building Materials & Interiors	855.54	+0.04	+0.58	2.32	8.35	873.96
Chemicals	941.85	-0.83	-7.08	2.78	15.55	955.52
Diversified Industrials	952.42	-1.04	-10.23	2.31	22.81	1015.12
Electronic & Equip	955.97	+1.14	+16.81	1.71	6.41	941.07
Food & Beverage	975.72	-0.74	-6.33	2.35	15.55	975.72
Power, Pulp & Printing	763.40	+0.98	-32.25	2.35	1.21	766.34
Consumer Goods	1229.42	-0.80	-6.92	1.33	18.58	1263.24
Automobiles	920.24	-0.20	-2.80	2.41	10.25	923.77
Alcoholic Beverages	950.43	-1.27	-12.20	2.82	17.87	980.15
Food Products	1002.81	-0.32	-3.35	1.35	11.84	1047.60
Health Care & Equip	1125.82	-0.52	-4.10	1.58	11.84	1149.49
Healthcare	1051.15	+0.22	+0.10	1.28	18.01	1074.18
Pharmaceuticals	1001.74	-1.10	-12.20	1.18	6.37	1087.87
Telecommunications	1275.54	-0.17	-39.80	3.05	22.77	1280.33
Utilities	1215.11	-0.48	-5.05	1.88	24.58	1250.57
Distribution	801.88	+0.84	+26.63	2.72	11.17	811.80
Insurance & Finance	799.38	-0.84	-0.42	1.22	12.27	803.80
Insurance	1005.73	-0.33	-3.28	1.28	10.68	1005.73
Insurance	1045.88	-0.24	-2.48	1.88	15.00	1061.80
Insurance	1043.80	-0.30	-2.03	3.00	20.48	1048.82
Telecommunications	1171.84	-0.78	-9.32	1.59	16.18	1188.48
Telecommunications	787.38	-0.78	-3.12	1.64	24.54	787.38
Transport Services	1057.58	-0.80	-8.14	1.39	8.37	1068.73
Transport	957.38	-1.34	-12.58	2.08	18.34	957.38
Information Technology	850.01	-0.67	-5.75	0.44	2.23	864.14
UTILITIES	1449.85	-1.25	-18.87	2.36	62.05	1505.58
Electricity	1138.94	-0.38	-11.21	3.80	31.79	1174.78
Electricity	1138.94	-0.38	-11.21	3.80	31.79	1174.78
Electricity	965.21	-1.48	-14.60	4.89	4.27	1022.22
FINANCIALS	1885.29	-0.67	-11.18	2.38	27.88	1902.92
Banking/Finance	963.84	-0.82	-7.08	3.28	13.83	973.07
Insurance	1012.88	-0.24	-7.39	1.87	11.79	1025.08
Life Insurance	981.78	-1.44	-17.71	1.81	12.88	1028.08
Other Financial	941.78	-0.81	-31.71	2.30	15.95	955.85
Other Financial	941.78	-0.81	-31.71	2.30	15.95	955.85
Property	838.80	-0.84	-1.54	3.74	21.85	855.40

## Mexico City edges lower

**MEXICO CITY** closed little changed on Thursday as a thin, pre-holiday market muted initial reaction to congress finally approving a 1989 federal budget.

The IPC index fell 1.12 to 3,959.68 amid profit-taking after rises on Wednesday in anticipation that the budget would be passed.

**CARACAS** edged higher on New Year's eve although analysts noted that it was the most depressed market in the region over the course of 1986, battered by languishing oil prices and economic recession. The IBC index rose 25.21 to close at 4,798.61, down 51 per cent in dollar terms since the end of 1987.

## Profit-taking hits Jo'burg

## SOUTH AFRICA

Johannesburg ran out of steam as investors pocketed profits built up recently on softening money markets and rising hopes for an official cut in interest rates. The all share index lost 7.8 at 5,430.5. Industrials contin-

used to improve, adding 2.4 to 8,264.4, but financials gave up 31.5 to 8,535.4 and gold tumbled 7.6 to 871.5. Sentiment was overshadowed by negative money supply and credit extension news. Banks were active. Neadcor fell 20 cents to R100 and FirstRand 13 cents to R6.42.

## Rush of late buying boosts Sydney

## ASIA PACIFIC

Position squaring in the closing stages of trading on Thursday lifted SYDNEY, pushing the All Ordinaries index up 29.2 to 2,813.4.

Selected blue chips saw  
slate buying. News Corp rose  
6 cents to A\$10.78 and AMP,  
which moves to full weight-  
ing in the benchmark index  
on Monday, added 27 cents  
or 2.9 per cent to A\$9.67.

Banks gained ground. ANZ  
rose 13 cents to A\$10.88 and  
NAB 20 cents to A\$24.60.  
Westpac added 14 cents at  
A\$10.92. Among resources,  
BHP rose 21 cents to A\$12.01.

Property leader Land

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# COMPANIES FT MARKETS

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MERGED OIL GROUP SAYS REDUNDANCIES WILL HIT US WORKFORCE HARDEST

## BP Amoco job cuts to be higher than planned

By Robert Corzine

Job cuts at the newly merged BP Amoco will be much higher than the 6,000 previously indicated - and most are likely to be in the US.

The company, created by British Petroleum's takeover of Amoco of the US, would not give a figure for the redundancies. But it said the worst-case operating environment since August, when the link was announced, required heavier cuts than had been planned.

The overlap between the two groups is most pronounced in the US, although the UK will also be hit by job cuts. The first round of redundancies in the joint workforce of about 100,000 is expected next week. The extent of the enlarged programme is due to be known by the end of the first quarter.

Trading in BP Amoco shares in London and BP Amoco American Depository Receipts on the New York, Pacific, Chicago and Toronto stock exchanges begins on Monday, following completion of the

merger on New Year's Eve. BP Amoco will be Britain's biggest company.

The weakness in oil and commodity chemical prices will add urgency to the shake-up of the group by Sir John Browne, chief executive. The eventual aim is to cut costs by 30 per cent. Many analysts believe Sir John, who is expected to announce performance targets for the group in June or July, is determined to exceed the formal target of 20 per cent in pre-tax annual cost savings by the end of 2000.

But events in the global oil industry could affect the pace of restructuring. Disposals and possible asset swaps will play a big part in reshaping the company, but the asset market in the sector could be swamped by similar ambitious sell-offs planned by Exxon and Mobil - should their merger receive regulatory approval in the US - and Royal Dutch/Shell, the Anglo-Dutch group that recently announced a sweeping restructuring of its global operations.

BP Amoco said it had not done any asset deals before the merger's completion and would do so only after "careful" planning. "We will not rush into anything that would be at the expense of shareholder value," it said.

This week will be the first time that senior executives will be able to share sensitive information about key contracts. Although due diligence as part of the merger process revealed details about Amoco's operations, BP has until now been denied access to Amoco's most commercially confidential information.

Though BP executives will be the dominant force in the company, two senior Amoco executives will next week take up board-level posts at company headquarters in London. Larry Fuller, the former Amoco chairman and chief executive, will be co-chairman of the new group, while Bill Lowrie, Amoco's president, becomes deputy chief executive in charge of refining, marketing and chemicals.

## AirTouch near to takeover by Bell Atlantic

By William Lewis, Richard Waters and John Authers in New York

Bell Atlantic, the largest local phone company in the US, is near to announcing the takeover of AirTouch, the nation's second largest cellular phone company, according to people close to the negotiations.

AirTouch, which was created in 1993 as a spin-off from Pacific Telesis, the former California "Baby Bell" company, has 1.5m subscribers in the US, and a market capitalisation of about \$4.5bn.

The deal will create the third and largest national wireless network in the US and put Bell Atlantic ahead in the race among local carriers to build a coast-to-coast presence.

It would also give the New York-based company a springboard into international markets.

AirTouch's extensive investments in Asia and Europe have made it more dependent than other large US carriers on overseas operations.

The boards of both companies had been planning to meet on Tuesday to vote on the proposed deal, but after news of the takeover talks leaked on Thursday, one person close to the negotiations said yesterday that "the timetable is likely to be accelerated".

Bell Atlantic is already in the midst of a \$3.8bn acquisition of GTE, another US local carrier. While this deal has yet to close, people close to the Bell Atlantic-AirTouch talks said consideration had been given to announcing a three-way deal involving GTE.

However, this was rejected on fears that it would take too long to gain regulatory approval. Instead, the deal is being structured as an all-stock pooling transaction between Bell Atlantic and AirTouch. GTE's formal approval is required for it to go through.

News of the latest merger is likely to add to competition worries in Washington over a series of mega-deals in the telecom industry.

In trading on Thursday, AirTouch gained almost 4 per cent, up \$3.24 at \$73.4. Bell Atlantic dropped almost 8 per cent, down \$4.44 at \$53.

## THE LEX COLUMN

### Bearly believable

For two years, Lex has been bearish about equities, especially in the US. After another year of close to 30 per cent total returns, readers might expect the column to put its hand up and confess the error of its ways.

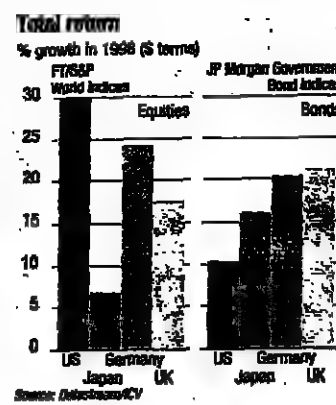
But Lex is in no mood to capitulate. Indeed, the higher markets rise, the more overvalued they seem. In an analysis published on October 19, the column argued that the fair 1998 price/earnings ratios for the US and the euro-zone are 17. That for the UK is 15. Given the sharp rebound in equities since the late summer, such figures imply US shares are 50 per cent overvalued. The UK and Europe are not far behind - at about 35 per cent.

If so, shares are now in bubble territory. How did they get there? There are two answers: liquidity and irrational exuberance. Broad money is growing at more than 10 per cent in the US. But instead of spilling over into consumer price inflation, it is fuelling asset price inflation. Investors are pouring cash into mutual funds. Equities are the thing to be in - more than a fashion, almost an article of faith. And this is where the irrationality comes in. Investors continue to expect annual returns in the mid-teens for the indefinite future, yet the only way current valuations could be sustainable is if investors were happy with mid-single digit returns.

Meanwhile, analysts are officially forecasting 17 per cent earnings growth for the US next year, about 15 per cent for the biggest euro-zone markets and 11 per cent for the UK, according to IBES, the research group. That all looks too optimistic given that these economies will be growing sluggishly in 1999, although they will probably avoid shrinkage.

Indeed, nobody really takes these "bottom-up" estimates seriously. With deflationary forces spreading through the global economy, earnings will be lucky to increase at all in the US and UK - though the somewhat faster growing euro-zone should manage single digit earnings growth.

Of course, predicting when a bubble will pop is tricky. Provided liquidity and exuberance continue, it could conceivably inflate even more. This is getting harder, however, because while US investors are responsible for the exuberance the cash is somebody else's. Both the boom in the real economy and the



would dampen growth. But that may happen by default given the structural weaknesses of both the yen and the dollar.

With a big current account surplus and relatively strong growth prospects, it would be natural for the euro-zone to take the baton from the US as the world's importer of last resort. And though the European Central Bank may try to mitigate an appreciation of the currency by cutting interest rates from the current level of 3 per cent, the scope to do so is limited.

So the best guess for currencies next year is a strong euro, a weak dollar and an even weaker yen. Sterling, as often, will probably get torn two ways - weakening against the euro and strengthening against the dollar. The UK economy does not suffer from the same imbalances as the US; but it is not growing as fast as the euro-zone and interest rates, now 6 per cent, are likely to fall further and faster.

If the euro does strengthen substantially, even the euro-zone will struggle to show much earnings growth. True, funds flowing into the region might shield equities from the worst of any fall-out on Wall Street. But, given the overvaluation, shares look a risky bet pretty much everywhere.

Should investors favour bonds instead? Certainly not Japan's given its funding difficulties. As for other countries, the best of the bond rally is probably over. Deflationary tendencies in the global economy may limit the downside risk. But any further rise in euro-zone bonds (10-year yields are below 4 per cent) could only be justified on the dubious belief that inflation is not just dormant but dead.

Gifts, which have enjoyed an excellent year, also offer little scope for capital appreciation. Yields at 4.4 per cent already assume good news on inflation and a high chance that Britain will sign up to the euro.

Any further convergence to euro-zone levels should wait for a much clearer signal from Tony Blair that he is willing to take the plunge.

US Treasuries, with 10-year yields at 4.7 per cent, arguably still offer value on fundamentals. But, as with all US assets, this must be tempered by concerns over the dollar. All in all, the best bet for 1999 is probably to shift assets into cash and pop it into a brand-new euro savings account.

## US consortium wins race to buy Korea First Bank

By John Larkin in Seoul

A US investment consortium has been chosen over HSBC Holdings, the British banking group, to buy troubled Korea First Bank in the first sale of a South Korean commercial bank to foreigners.

A consortium led by Newbridge Capital will take 51 per cent of the debt-heavy bank under the terms of a memorandum of understanding signed on Thursday with the South Korean government.

Sale of the nationalised bank would be completed by May 31 following due diligence, said the Financial Supervisory Commission, a state reform body. The purchase price for the shares was not disclosed.

The auction caps a year of largely successful reforms, ending decades of easy credit to favoured companies which caused last year's debt crisis and the current recession.

It should also speed a long-awaited upgrade of the country's sovereign credit rating to investment grade. Moreover, it will boost efforts by leading banks to find foreign partners, and inject competition into the moribund financial sector.

"To date foreign banks have been niche players here, but now for the first time local banks will have to go head-to-head with them," said Brian Humesaker, a banking analyst at Dresdner Kleinwort Benson.

Newbridge, which has partnerships with six other groups including GE Capital, a unit of General Electric, won agreement that the government would assume all bad loans surfacing in the first year. Seoul will take a smaller percentage in the second year.

The government will take a 49 per cent stake after buying out minority shareholders. It will delegate its voting rights to Newbridge.

HSBC had been expected to acquire KFB, but was passed over after demanding a higher stake than Newbridge.

Newbridge agreed not to sell its stake for two years without government permission. It has the option of taking another 11 per cent after three years at the purchase price plus 10 per cent interest per annum.

Lee Hun Jai, head of the supervisory commission, said: "The sale sets the stage for the development of the local financial industry by importing advanced financial practices."

The government injected Won1,500bn (\$1.24bn) last winter into KFB for a 58.9 per cent stake after bad loans to bankrupt conglomerates, including Hanbo Steel and Kia Group, wiped out most of its capital.

The government took the same stake in Seoul Bank, which the supervisory commission said would be sold to a foreign buyer by the end of the month.

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### Markets Latest

FTSE 100	5988.6	(-0.8)
Nikkei	11,272.77	(-0.8)
DAX	10,724.61	(-0.7)
New York Close 31/12/98	10,842.17	(-0.7)
Dow Jones Ind Ave	9,181.49	(-0.2)
S & P Composite	1,238.33	(-0.1)
LONDON MONEY		
3-mo Interbank	6 1/4	(6 1/4)
Life long 91 (4)	118.08	(118.07)
US RATES		
Federal Funds	4.400%	(4.400%)
3-m Year Bill Yld	4.400%	(4.400%)
Long Bond	5.000%	(5.000%)
NORTH SEA OIL (Argus)		
Brent Dated	8	(10.30)
GOLD		
New York Comex Dec	328.1	(328.1)
London	327.75	(327.75)

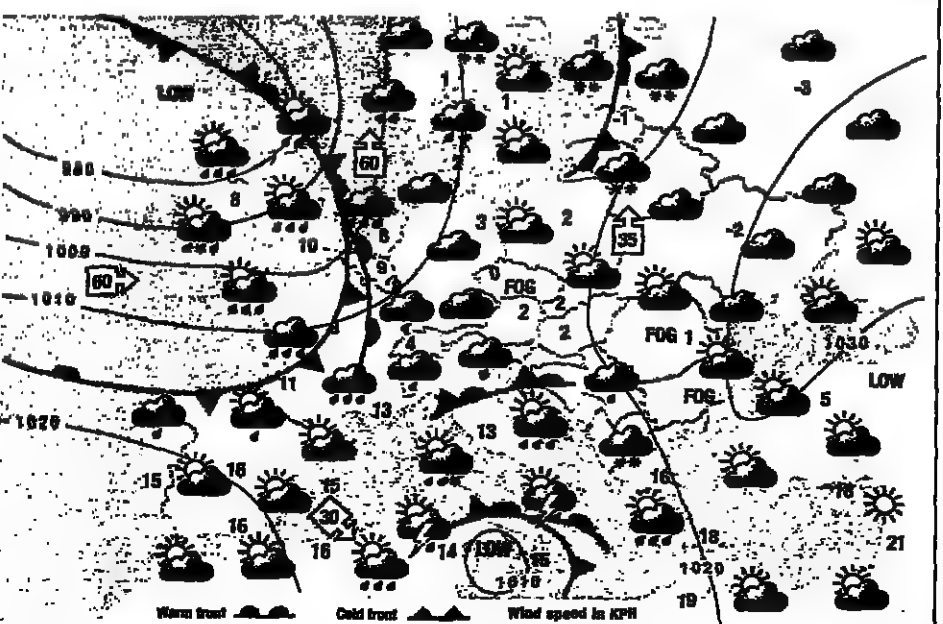
### Weather

#### Europe today

Scandinavia and the north-east will have snow showers or steady snow and sub-zero temperatures. Much of the east will be dry but cloudy. The south-east will have fog patches. The north-west will be mild and windy, with rain moving eastwards, some of it heavy. Rain will also spread into central regions as the wind freshens, preceded by snow over the Alps. There will be showers over the northern Iberian peninsula and southern France. Heavy showers around the central Mediterranean will turn thundery, but the east should be dry, sunny and warm.

#### Five-day forecast

The north-west will stay mild and unsettled, with more rain and strong winds. Scandinavia will become milder, with rain in the south. Central Europe will become drier but foggy. Thundery rain in the central Mediterranean will move east as showers break out across the Iberian peninsula.



Situation at midday. Temperatures maximum for day. Forecasts by 'PA WEATHER CENTRE'

#### TODAY'S TEMPERATURES

Madrid	13	Barcelona	13	Paris	13	Rome	13	London	13
Amsterdam	13	Brussels	13	Frankfurt	13	Munich	13	Vienna	13
Zurich	13	Berlin	13	Cologne	13	Düsseldorf	13	Hamburg	13
Stockholm	13	Helsinki	13	Tampere	13	Oslo	13	Reykjavik	13
Lisbon	13	Madrid	13	Seville	13	Valencia	13	Bilbao	13
Porto	13	Barcelona	13	Palma	13	Málaga	13	Cádiz	13
Granada	13	Seville	13	Almería	13	Jaén	13	Córdoba	13
Granada	13	Seville	13	Almería	13	Jaén	13	Córdoba	13

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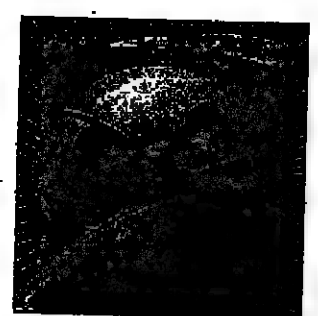
Express

سكزا من الاصل



JAN 16 1999

**FT**  
**WEEKEND**  
JANUARY 27/JANUARY 30 1999



**24-hour millennium**

*'The residents of Chatham Island, east of New Zealand, will be the first people on land to see sunrise on January 1'*



**Healthy irony**

*'My body, which for 30 years resembled the statue known as the Getty bronze, was slumping and crumpling'*



**A very uneven genius**

*'Beckett's dramatic career flutters infallibly to world acclaim with a series of deliberate duds'*

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# Shadow of the bomb

Christian Tyler explores the world of millennium doom-mongers and fatalists, but finds 2000 is not the only date to worry about

**T**he large black American lady evangelist subsided into her economy-class chute billowing to the ground. "Ah! It's a big woman," she explained in a Deep South drawl, and mopped her brow.

She and her companion, the white preacher, prayed to Jesus to speed the aircraft on its long flight from Africa, where the pair had been ministering among the mud huts of Zimbabwe. When they had finished, the preacher leaned across and introduced himself.

Jerry McGee, former Hell's Angel and heroin addict, is leader of the Freedom Crusade Ministries of Chesapeake, Virginia. He learned of God's divine plan for him when he went to church one Sunday to please his grandmother. Now he is looking forward to the Second Coming.

Every 2,000 years, he explained, there is an apocalyptic event. First it was the Flood, then Abraham's covenant with Jehovah, then the birth of Jesus Christ. Twelve months from now, he said, the millennium computer bomb will cause the world to collapse. "And Jesus will come again."

Aladdin.

It was not divine providence but human impudence that turned computers into engines of the apocalypse. By writing the year 2000 as the two digits "99", first to save money, later out of habit, programmers have led computers to mistake it for the year 1900, which is as good as saying to them: "You can pack up now. It's all over." Thus, in a wonderful paradox, the secular, technocratic west has guaranteed for itself a nasty dose of millennial anguish - perhaps worse - for the coming 12 months.

If it were not for computer programmers we would now be looking forward to the big anniversary as an opportunity for quiet reflection, or as the party to end all parties.

As it is, we are condemned to suffer party nerves. Awaiting this date we are in much the same boat as, say, members of the Concerned Christians, a sect from Denver, Colorado, who were disappointed by the failure of their leader's prediction of a catastrophic earthquake on October 10 this year and have now joined about 100 other fanatics on the Mount of Olives in Jerusalem hoping to greet the Messiah.

Between Easter this year and next, the Israeli authorities are expecting a flood of religious pilgrims, and a proportionate rise in the number of delusional people suffering from "Jerusalem Syndrome".

Some of them are dangerous, if only to themselves. Psychologists - luckily there are lots in Israel - are being alerted, and millions of shekels are being spent on security at the holy places, especially the Temple Mount.

International cult-watchers such as Inform, an academic group at the London School of Economics, also expect "some volatility" at the turn of next year. Fortunately, few sects are in thrall to the date 2000. Experts are unwilling to draw the public's attention to those that are, for fear of setting them off. But no doubt they have alerted the authorities.

Apocalyptic expectation is essential to the Christian faith (and to Hinduism also). Literalist Bible readers take the second millennium AD seriously because they equate each 1,000 years to one day of God's creation. Like the 17th century Bishop James Ussher in Ireland, they reckon the date of the creation at about 4000BC. God rested on the seventh day, so there should be a catastrophe at the end of the sixth millennium followed by a 1,000-year golden age (the Millennium proper) before the Second Coming.

Apocalyptic fever is no

less a fact of human psychology. In the Middle Ages, millenarian revolutionaries would spring up at times of poverty and insecurity (which in the space age we call, appropriately, "alienation").

Professor Norman Cohn, a pioneer in the field, has described the inflammatory ingredients as a combination of wanting authority - of the monarch or the church - with the emergence of a charismatic leader. In *The Pursuit of the Millennium* he suggested Lenin's commu-

water companies, airlines and banks over the coming year.

For, according to leading consultants, it is in any case too late to do much about machines or "embedded" chips. Systems that have not yet been made - millennium-bomb-proof - from hotel lifts and traffic lights to nuclear missiles - cannot now be made ready for the day. Others believe disruption will be localised and minor.

But nobody really knows what to expect. This uncertainty, if magnified by plausible doomsters and a loss of faith in the authorities (à la Cohn), could make things a lot worse than the reality. Armageddon or little glitch, public confidence is now the key.

Just as the cult-watchers are unwilling to talk about mass suicides, governments have been quick to play down their own preparations for an emergency. Companies, too, have been shy of talking about their state of preparedness; they no longer use the standard term "disaster recovery plan", speaking instead of "business continuity".

So mute have they been that stock market authorities in both New York and London have warned listed companies to cease clean with investors. Worryingly, the bodies which are most confident appear to be the ones which have spent least on testing and replacing their systems.

"The level of rhetoric and alarm will continue to rise in the coming year," according to Richard Haskins, director of the Center for Millennial Studies at Boston University, with the "roosters" (which is what he calls the alarmists) fighting it out with the "owls", or optimists.

"Millennium bug panic warning," crowed the front-page headline of a British Sunday newspaper three weeks ago. The story spoke of panic in official circles, the "worst-case scenario" and "millennial meltdown".

when the head of a government taskforce admitted that it would be sensible for people to stock up with long-life food to prevent panic buying.

Some people have not hung around waiting for advice. The San Jose Mercury News, for instance, told the story of Peter Hues, a computer systems administrator in Michigan who is stocking a cabin with food, water, medicine and gardening implements for himself, his wife and one-year-old baby.

Those like him who think the sky will fall in - they call it the Chicken Little syndrome - are reportedly selling their houses and businesses, buying guns, and moving to communities in the wilderness. Survivalists, who like living in the wild, munching berries and trapping small animals, will have a field day.

Some will refuse to fly for fear that air traffic control will malfunction, even though airlines will ground their craft rather than take such risks. Some plan to withdraw all their money, although banks and other financial institutions - at least in the west - are reportedly among the best prepared, and the US Federal

Reserve is ready to issue \$50bn in cash to meet the demand. Meanwhile, internet geeks are urging each other to buy gold and other precious metals.

It is difficult to know how worried to be. "Probably one out of five days I wake up in a cold sweat, thinking this thing is much bigger than we think," said John Hamre, US deputy defence secretary,

talking informally at a press conference in October. "And the other four days I think maybe we really are on top of it."

Referring to alarmist predictions of electronic confusion inside nuclear weapons or in early-warning systems, he said his own hunch was that there would be "inconvenience but no crisis". But a report for the British American Security Information Council called on nuclear states - the US and Russia especially - to arrange a threat trace, come off the alert and disengage their systems for the duration.

Armageddon (if that is what it is to be) is arriving in stages. Some swipe machines have already refused to recognise credit cards with an 00 expiry date; some process plants have shut down prematurely; some companies have suffered operating failures. This year, around August 21-22, yachtsmen, ships' captains and aircraft pilots may find their GPS navigation receivers have clocked off because their chips' timers will reach the end of their programmed life. Some equipment, including life support machines, is said to be vulnerable on September 9 because the internal clock runs out on 9/9/99. For many companies, and governments, fiscal 2000 will begin soon. The chief economist of Deutsche Bank Securities in New York, Ed Yardeni, has warned that Year 2000 computer failures could trigger off a global recession.

And it won't all be over one year from today. Some of the blame belongs to Pope Gregory XIII, who in 1582 had the calendar changed to square the man-made year with the solar year. Apart from losing 10 days altogether, his team modified the leap year rule, dropping one at every change of century except for one divisible by 400 years. So 2000 is a leap year after all. How many programmers remembered that? And what will happen if they didn't?

Not only could there be trouble at the end of February next year, but also on December 31, the 366th day of the year, not to mention October 10 2000, which will be the first date with eight digits in it: 10/10/2000. For some reason or other, March 1, 2101 is another milestone, and some program languages are end-timed up to the year 2038...

There is no point complaining that the change of millennium is being celebrated on the wrong date, even though the last turn-of-century festivities were held at the end of 1900, not 1899, as the popular science writer

Stephen Jay Gould has noted. Nor can you escape by converting to Judaism or Islam, for whose disciples next year will be respectively 5780 and 1420.

For this anniversary crisis has been thrust upon the world by the very apostles of secular progress themselves, the computer programmers. Artificially, they have limited our choices. Pessimists may sharpen their pencils and make a will. Optimists may stock up on cans, cash and candles. But one thing is certain: a lot of people, secretly, will be praying for a quick, quiet transit into the next millennium.

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Fashion	XI	Property	XV, XVI
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Gardening	XV	Small Businesses	II
How To Spend It	X, XI	Sport	XIII
Lunch with the FT	II	Travel	XVI-XVIII
		Weekend Investor	XX, XXI

**Ethics Today**

**Woodstock's offspring**

*'These children of the baby boomers are a revolution in waiting, ready to recharge the anti-establishment movement'*

Page III

**NEXT WEEK**

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turner. Our task, the court agreed, is of us from the 17th or so in each batch, would be selected to hear the case. The rest would return to the

ment when I was led into court and very nearly expelled. But it was not to be. A fellow potential juror, who had earlier

attention, it was as simple as that. Thus did I serve the cause of justice, truth and the British way. Henry Fonda eat your heart out.

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## PERSPECTIVES

Ten years ago, having bowed out of house-building and with no previous experience of inn-keeping, Rick and Anna Abrehart bought the Plough Inn, a cosy pub in the hamlet of Coldharbour, near Dorking, Surrey. Interviewed for this column at the time, the couple revealed their early teething problems - including Anna's loss of a stone in weight during the first frantic fortnight - and hopes for the future.

Now it seems the hard work has paid off. The pub has featured in the *Good Beer Guide*, *Good Pub Guide* and *Which? Guide to Country Pubs* since the Abreharts took over.

In 1989, Rick, a real ale devotee, started his own in-house brewery. And in November, the Campaign for Real Ale presented the Abreharts with the Surrey Pub of the Year award.

But beneath the idyllic rural setting - the Plough sits at the foot of Leith Hill, one of the highest in south-east England - the pub business has proved increasingly tough and the financial pressures heavy. Having sold their Surrey home for £200,000, the Abreharts bought the Plough for £415,000, with a 20-year £240,000 mortgage from the finance arm of Allied Irish Bank priced at 4 percentage points over finance houses' base rate.

"At one point, when we were paying 19.5 per cent, it was horrendous," says Anna. "We were very green when we bought the pub. We should have known better." After much negotiation, the interest rate on the mortgage has since been reduced to 3.25 percentage points over base rate. They now make payments of £3,500 a month in summer and £2,500 in the quieter winter months; they hope to have paid off the mortgage by 2008. An average week's takings are £5,000, compared with £2,700 a decade ago.

Considering the punishing hours - although they no longer get up at 5am, they are rarely asleep before 1am - the returns are modest. In their first year, the Abreharts lost £21,500 after spending £20,000 on a new kitchen deemed essential by the environmental health inspectors, and £5,000 on further improvements. In 1998, profits reached £43,500, before slowing last year to about £33,000. As well as supporting the Abreharts, both 54, the pub has to provide a living for their 32-year-old son, David, who is its full-time chef.

The Abreharts say they are "swimming against the tide" of increased home entertainment and commercial pub chains, a shrinking population of rural drinkers and sharply higher overheads. The introduction of the non-domestic rate, which costs them about £5,000 a year, has been the single biggest increase.

Their response has been to emphasise what makes the Plough different from its competitors. Apart from its location in an area of outstanding natural beauty, which makes it popular with walkers, the Plough has refused to go the way of many pubs that sell only keg beers (which have a longer shelf-life than real ales).

Following instructions in a book published by the Campaign for Real Ale, and adapting cold water tanks and plastic barrels, Rick



Anna, son David, the chef, and Richard Abrehart, the brewer: 'swimming against the tide' of home entertainment

David Abrehart

## Minding Your Own Business

## Real beer brews up better hope of profit

Justin Marozzi visits an award-winning pub but finds that inn-keeping is still a struggle against other attractions

started the Leith Hill Brewery. Essentially self-taught - though he took a three-day course at Sunderland University - he spends two long days a week brewing. His own Crooked Furrow and Tallywhacker are among the nine real ales on sale.

From a purely commercial point of view, brewing 54 gallons a week might not be worth the time it demands, but Rick regards it as a longer term marketing strategy to attract drinkers. "If I had £20,000 to spare, I would like to invest in a 3.5 barrel micro-brewing plant. Instead of taking 12 hours to brew, the beer would take seven or eight. But with the other priorities, I can't justify it."

To complement the extensive beer selection, and in contrast to what Anna calls

the "plastic nursing home food" once offered at the Plough, she and David have developed a blackboard menu of home-cooked food that changes daily and ranges from the classic steak and real ale pie to crispy Barbary duck breast with almond and herb stuffing and orange sauce. Shopping expeditions are all part of the weekly work, but meat and fish are delivered from local suppliers.

Home-made puddings - such as coffee, date and walnut pudding and banana pie - are a particular favourite. To counter the trends towards healthy eating, the two fought back by offering a choice of 11 puddings.

More innovatively, the Plough is turning to the internet. Several weeks ago,

with the help of his partner who worked on it free of charge, David launched a web site at <http://members.xoom.com/ThePlough>. Traffic has been light so far and there have been initial difficulties with the search engines. But David hopes it will increase the pub's profile, and he is working on building links from tourist boards' web sites and publications such as the online version of *Which? Guide to Country Pubs*. "At the very least it looks good and creates a go-ahead image."

With the prospect of retiring in seven years, the biggest question the Abreharts must now face is whether to £100,000 refurbishment of the first floor that would give them five or six bedrooms to

let. They have outline planning permission to convert the barn next to the pub into staff accommodation - is for themselves.

With 50 per cent occupancy, Richard estimates letting income could increase turnover by as much as 40 per cent. "We're very handy for Gatwick airport and we get lots of inquiries for bed and breakfast. Tourist boards and companies are always calling us up for rooms and we're turning them away, which is criminal."

"But until I'm in a much healthier financial state, I can't do it. I hope it will be possible in the next two years."

■ *The Plough Inn, Coldharbour, Surrey RH8 6HD; tel 01306 711782*

## The Nature of Things

## The hand bone connected to ...

... the motor cortex. Andrew Derrington reports on research into vital movements

Have you ever played with one of those fairground machines where you try to pick up a prize with a mechanical arm and claw and drop it down a chute?

I have, many times, without success. The manipulator is just too complicated for me to control.

In fact, that's not quite true. My hand is far more complicated. Twenty-nine separate muscles control its finger movements. I can use the fingers all together to wield a hammer, or singly against the thumb to position a nail with millimetre-perfect precision. Nothing in the world of engineering can match the range, flexibility and precision of human hand movements.

New experimental techniques are giving scientists the first detailed picture of the command system that controls the hand. It is in a part of the brain called the motor cortex, most of which is on the lateral surface of the brain just under the skull.

The picture of how it works is being pieced together from fragments revealed by stimulating and recording brain and muscle activity in stroke patients, in healthy people and in rhesus monkeys whose hand control system is similar to ours.

As well as providing research data, stroke patients provide an important motivation for this branch of research.

There are over 100,000 new cases of stroke every year in the UK," says Roger Lemon of the Institute of Neurology in London, one of the world's leading researchers on the control of hand movements.

"Hand movements are often affected - usually permanently - by a stroke. Life without skilled hand movements is pretty miserable. It affects everything you do," Lemon says.

One of the hallmarks of the hand control area in the cortex is that it connects directly to the neurons in the spinal cord that activate muscles. Transcranial magnetic stimulation (TMS), which activates the cortex by applying a magnetic pulse to the scalp, activates hand muscles after a very short interval - too short a time for the signal to have been switched through intermediate control centres. Such direct connections are only found in man and in apes and monkeys that have individual finger movements.

In stroke patients, damage to this direct line from cortex to hand muscles, which can be revealed by TMS, leads to a loss of manual dexterity. Cortical control of other parts of the body, such as the shoulder, is not so vulnerable.

By a combination of brain imaging and recording from muscles and motor cortex, through electrical or magnetic sensors on the body surface, scientists can tell which areas of the brain control hand movements, and when they are active. But understanding how it works is like the problem a Martian would face trying to understand the game of football by listening to a match being played from outside the stadium. TMS provides extra information: it allows the Martian occasionally to throw a firework on to the pitch and see if it results in a score.

A good way to get a better picture is to record from single neurons in the motor cortex of the monkey while it performs skilled hand movements to control a sort of video game. This gives our Martian a detailed record of the actions of some of the players, which can be pieced together with records of muscle activity and movements of the controls. In early experiments, neurons could only be recorded one

at a time. Recently it has become possible to control multiple electrodes and record up to 16 cortical output neurons at once.

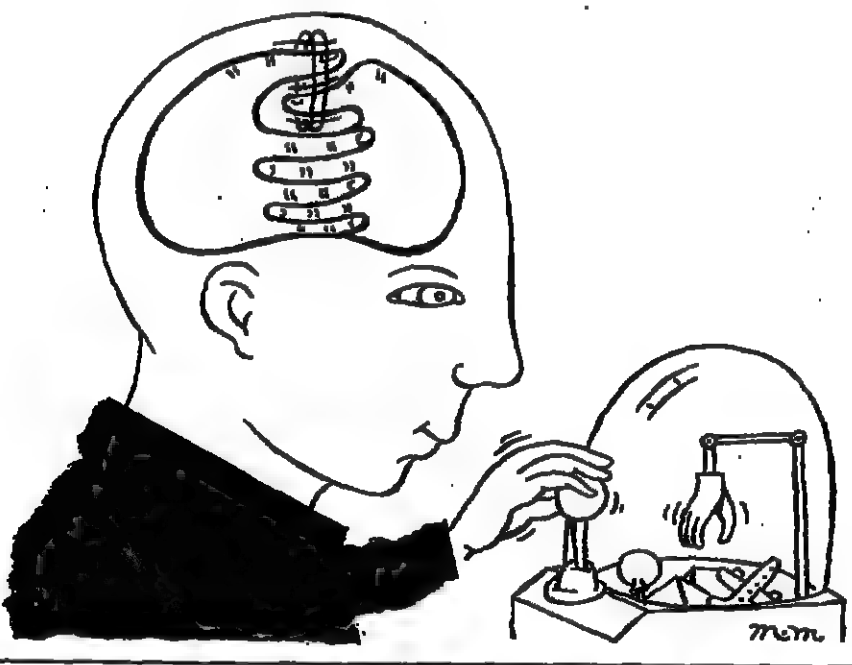
During the course of a movement, the cortical neurons form teams that work together or against each other. As the requirements of the movement change, the teams break up and reform. Some of the team changes are obvious - the fingers must work together to grasp a hammer or a tree branch and individually to pick up a peanut. The neurons linked directly to the finger muscles need to form new teams in order to change grip.

Often the team changes are more subtle. Some teams have a more strategic role. They seem to be involved in planning, learning and rehearsing new movements by working out the sequence and force of muscle contractions required. In Lemon's lab, a computer-controlled robot can introduce gradual changes in the operation of the monkey's video-game controls to see how the neurons change their activity as the monkey adapts to the new task.

The problem faced by the monkey is similar to the one we face when we change cars - the steering-wheel and the gearstick require slightly different movements to get the same result. Just like the monkey, we solve this problem effortlessly, by modifying the commands we send to the muscles in accordance with information arriving in the cortex about the effect of previous commands.

It will be decades before we understand the brain's strategies well enough to give disabled stroke patients similar flexibility. But at least we can now watch the game the brain is playing and start to work it out.

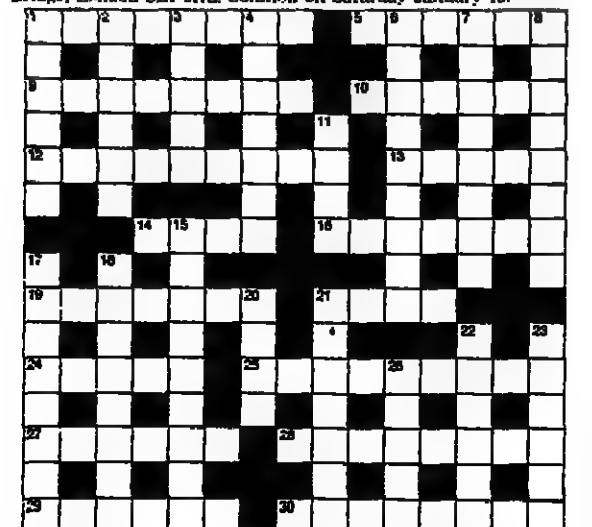
■ *The author is professor of psychology at the University of Nottingham.*



## CROSSWORD

No. 9,877 Set by DINMUTZ

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finish Paper from Crane & Co. will be awarded for the first three correct solutions. Solutions by Wednesday January 21, marked Crossword 9,877 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 5HL. Solution on Saturday January 16.



WINNERS 9,868: Mrs B.M. Ashton, Sevenoaks, Kent; A.C.R. Bull, Canterbury, Kent; D. Fairbairn, Kentworth, Warwick.

Crossword sponsored by

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SINCE 1801

CHRISTMAS CROSSWORD: We are sorry that three clues for the Christmas Eve prize puzzle were obscured. They were: 5 down Deer cooked or otherwise for a saint (Bode)? with one child (5,7,7) down Earth to use with variable resistance (6), 23 down Bom tree, for example, with space for the monkey's most (10). Correct entries on these answers will be included in Wednesday's draw. Solution and winners next Saturday.

- ACROSS**
- 1 Perfect examples of cooked pie-crust (8)
  - 5 Battered wives left in spin (6)
  - 9 Celebrity autograph of Leo, for example (4,4)
  - 10 Having corporation right inside college (6)
  - 12 Kind of roll, A-Z etc? (9)
  - 13 A place to rest in France, in the dark (5)
  - 14 Follow warning of schoolboys (3)
  - 16 British fibre makes one see red (7)
  - 19 Long-off, perhaps, if sent back to tree (7)
  - 21 Rum-of-the-mill emergency call: Ring (2,9)
  - 24 Utter panic (5)
  - 25 Deep breath? (3,4)
  - 27 A dream for each one (6)
  - 28 Painter brought back in Magritte's sorrowful period (8)
  - 29 Hemingway or Sterne novel? (6)
  - 30 Regular pattern of flag (8)

Solution 9,876

ACROSS  
1 PERFECT  
5 BATTERED  
9 LEONARDO  
10 CORPORATION  
12 ROLL  
13 REST  
14 WARNING  
16 RED  
19 OFF  
21 RUM  
24 PANIC  
25 BREATH  
27 DREAM  
28 PAINTER  
29 HEMINGWAY  
30 FLAG

- DOWN**
- 1 Bodies of policemen dominate, mostly (6)
  - 2 Tale going about, after caution, in Swiss Cottage (6)
  - 3 Throw off balance in riding-class (5)
  - 4 Call to begin fencing English garden, possibly (2,5)
  - 6 Mysteries of stormy south-wind (9)
  - 7 Energy of six, initially taking on Italy trip (8)
  - 8 Small sets ready for deliveries (8)
  - 11 Rounded mass of world-without-end (4)
  - 15 Interviews with monarch, perhaps, in houses (9)
  - 17 Low-quality coach, not seen by 12? (8)
  - 18 Act of composing (5)
  - 20 Ill-considered outbreak (4)
  - 21 Espanto growing wild in Barcelona, perhaps (7)
  - 22 Girl out of breath (6)
  - 23 Supporting bottom? (8)
  - 26 Having come in from Paris, engaged? (5)

Solution 9,869

DOWN  
1 BODIES  
2 TALE  
3 THROW  
4 CALL  
6 MYSTERIES  
7 ENERGY  
8 SMALL  
11 ROUNDED  
15 INTERVIEWS  
17 LOW  
18 ACT  
20 ILL  
21 ESPANTO  
22 GIRL  
23 SUPPORTING  
26 HAVING

This deal, from a Christmas simultaneous pairs event featuring famous hands, stumped everyone. Clearly, the problem is dazzling - not one usually omnipotent dummy managed to find the solution, preferring to concur with the refrain: "Couldn't be made, partner."

N  
♠ Q 4 3  
♥ A 10 4  
♦ A 6 2  
♣ Q J 10 9

W  
♠ 9 8 7  
♥ Q 2  
♦ K 9 8 5 3  
♣ A 8 5

E  
♠ 6 5 3  
♥ J 8 7 6 5  
♦ 10 4  
♣ K 6 2

S  
♠ A K J 10  
♥ K 9 8  
♦ Q J 7  
♣ 7 4 3

Dealer: S N/S Vul.

North East South West

- INT NB

SNT

West led 5♦ against the standard game contract, dummy ducked, East played 10♦, and declarer won with Q♦. With eight tricks available, clubs must be attacked to provide the ninth.

However, when declarer leads a club from hand, East can win, return his remaining diamond, and West can

cover whatever South plays. Whether declarer ducks in dummy or not, West can clear the suit and, when he regains the lead with A♠, he can cash his diamond winners to deny South his ninth trick.

Declarer could do better by crossing to dummy to lead a club. Now, the pressure is on East to rise with K♠, and lead his last diamond, otherwise West's entry is blown before the diamonds are established.

East should definitely pounce with his K♠ - if South holds A♠, K♠ is useless anyway - but will he?

Rather than relying on defensive errors, however, on this layout the declarer can ensure his contract. Winning the first trick looks so obvious and natural that no one noticed that it was the error. If South ducks East's 10♦, he still has two stoppers in the suit and, when East returns a diamond - as he surely will - South can win and clear the clubs any way he wishes. When East gains the lead with K♠, he has no diamond left to lead. Unless West holds both A♠ and K♠ - only a one in four chance - the contract is safe.

Paul Mendelson

## CHESS

The late world champion Tigran Petrosian, who rarely lost a game, was involved in two celebrated scoresheet disputes. He liked to write down his intended move, cover it up, then check the board for blunders.

But Bobby Fischer, in the 1970 USSR v World match, complained that Petrosian's procedure was distracting and thus illegal. He demanded that the move be made before it was written down.

Nowadays, many top GMs write down the move first, yet the referee, fearing a Fischer walk-out, ruled against Petrosian, who grumbled that he had to break the habit of years and blamed the incident for his defeat in the match.

Later Petrosian met Viktor Korchnoi, then a high-profile defector, in a world title eliminator. When Korchnoi stopped recording his moves during a time scramble, the referee waited till they reached the move 40 control, then asked him to update his scoresheet.

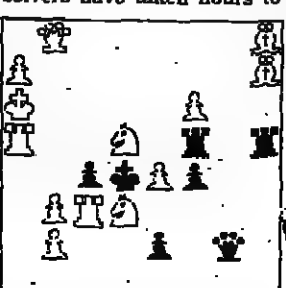
Petrosian protested that Korchnoi was effectively receiving advice as to how many moves had been made. Again he was right, and the rules now forbid the arbiter indicating that the players

have reached the time control.

A classic clock trap occurs when a player relies on his own or his opponent's scoresheet to confirm he has not overstepped. Cases are legion where moves have been recorded twice, and a GM even lost on time by writing his name in the space intended for move one. The moral: if you are short of time, ensure your move count is accurate.

No 1264

White mates in two moves, against any defence (by A Ellerman). Definitely a brain-teaser; this problem won a trophy, and earlier solvers have taken hours to



come up with the wrong key. Crack it in under an hour and you're doing well.

Solution, Back Page

Leonard Barden



## PERSPECTIVES

## Ethics Today

## Sons and daughters of Woodstock say 'Hell, no'

Gerald Celente maintains that the gulf between the Millennium Generation and their 'baby boomer' parents is one of years – not ideals

Watch out – here they come. Their pockets are filled with cash, their minds are crammed with ideas and they are not afraid to dream. Marketing men want to sell to them, and corporations want to pick their brains and exploit their talents. Politicians, on the other hand, will wish they had never been born. They are the Millennium Generation – "M-Gen".

Born between 1980 and 1995, there are as many in the US today as there were in the Woodstock generation which rocked the world in the 1960s. More than 70m strong, these children of the baby boomers are a revolution in waiting, ready to accept the passing of the torch which can re-ignite the anti-establishment movement their parents started. Members of the Millennium

Generation hit TV screens in February last year. They showed up live on the CNN network before a worldwide audience to protest against the Clinton administration's threat to use force against Iraq.

In a publicity drive that went sour, the administration had sent its top three foreign policy gurus to Ohio State University to win public support for its military policy. But instead of cruising through middle America, they were stopped by a barrage of new-millennium dissenters. Reminiscent of the Vietnam war years, but without the beards and beads, this group of articulate and informed college students faced down the Clinton advisers. Though they helped force the administration to shelve its policy, the president ultimately ordered last month's all-out missile attack on Iraq to

"degrade" Saddam Hussein's military capability. As well as being politically informed, M-Gen is socially active. Its efforts, as much as the effects of the Asian economic dislocation, have sapped sales of Nike footwear. Faced with an operating loss of 35 per cent, the company lost more sales as these activists turned up the heat with claims that Nike ran sweatshops. Among their peers, the word on the street quickly spread: "Man, you're a sucker. It cost Nike \$5 to make them and they got you for \$150."

Of course, not all the members of this generation are activists or revolutionaries. Only a small percentage of baby boomers protested against the war in Vietnam or marched for civil rights and women's rights. But just as the boomer generation was defined by a leading core of

thinkers and doers, so too is the Millennium Generation. The leaders are among the computer intelligentsia, the environmentally committed, and the street-wise educated. These are the "influentials". And what they do, most follow.

The smart money has polished its pitch to take its share of the \$124bn millennium teens are estimated to have spent last year. Not all are "savvy" consumers, as the ad hype goes or their parents would like to believe. Most will still buy "the look", with the hope that if they play the part they will be in the in-crowd.

But even the influencers want the right "look". That's why fashionable companies, like cosmetics peddlers, brag on their MTV ads that they don't torture rabbits to test their cosmetics. And hemp (the kind Bill Clinton can inhale) is hip. Seen as envi-

ronmentally safe, durable and multi-purpose, hemp sales from clothing to luggage are right in vogue.

But where marketing men are really out of touch is when they try to sell their goods by pitting the M-Gen against the boomers. These critics portray the kids as hip and their parents as out of touch. What they have missed seeing are the opportunities that can be gained by emphasizing the similarities of these two "blended" generations.

Take the blitz by France's Millennium Generation when 500,000 high school students protested on the streets against crowded and poorly equipped schools. Unlike the mayhem of 1968, when student marchers were met by club-swinging gendarmes, the protesters of 1998 were treated with respect by a sympathetic government.

When the boomers were in revolt a psychological gap separated them from their parents. When the boomers were listening to the Beatles and the Doors, their parents were humming to Lawrence Welk and Perry Como. They were getting high and laughing it up with Cheech and Chong, their parents were drinking scotch and watching comedians George Burns and Gracie Allen. The kids were yelling "Hell no, I won't go" (to fight in Vietnam), the parents were intoning: "It's your country, right or wrong."

Today, it's a different story. The generation gap is one marked by years, not ideals. The parents, for the most part, feel used and abused at work. They are seen as living examples by the M-Gen of why they should avoid the corporate scene. Today's parents and children are

environmentalists – not the way it was in the 1960s and 1970s.

From drugs to sexual relations, both generations understand there are no rules to the game. And when it comes to politics, no-generation gap exists. Children of all ages increasingly believe the system is corrupt, and that a large number of politicians serve for personal gain and the special interests that bank-roll their campaigns.

This time – and the time is soon – when the youth of the country protest, they will not be tear-gassed by police and pummeled by construction workers. And this time, unlike the 1960s, parents will be campaigning hand in hand with their children.

■ Gerald Celente is director of the Trends Research Institute in Rhinebeck, New York State, and author of Trends 2000 (Warner).

## Lunch with the FT

## The evergreen talisman of the smart set

Holly Finn meets Eleanor Lambert, 95-year-old grande dame of American fashion publicists

Eleanor Lambert makes macaroni and cheese stylish. When she requests a helping at The Carlyle Hotel's midday buffet, those within earshot suddenly scowl at the carefully selected wisps of dry spinach on their plate and consider eating heaps of orange goo instead. Lambert – the fashion publicist who launched Bill Blass, Oscar de la Renta, Claire McCardell and Charles James – was twenty-something when The Carlyle opened in 1930. Now 95, she doesn't waste time waiting for me to get up and offer my cheek. As she approaches, she gives a brisk double-kiss to the air instead.

"The funniest thing just happened," she chuckles as she sits. "Have you heard of eye calling?" A young friend who can't talk had just phoned her. Typing his end of the conversation, he transmitted it to an intermediary who then spoke his words for him. "Hello, dear lady," was his greeting.

In her checked pants tunic suit with a turban wrapped round her head, Belgian shoes on her feet and Verdura earrings at her lobes, Lambert is both dear lady and something fiercer. She has been in the public relations business for six decades.

In 1940, she founded the International Best Dressed List, which even now sends

**When women complain their work is unrecognised she has a simple solution: 'Get over it'**

shivers down cashmere-coated spines when it is announced every year. Lambert organised the first biannual Fashion Press Week and is credited with inspiring the co-ordinated fashion shows of today. At the shows she still attends in New York, Lambert is always seated in the front row and is the only person to whom those with gravity-defying hair and soldered-on

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Eleanor Lambert, then and now after six decades in the public relations business, greeters journalist to her

David Easton/Photo Focus

tion. "Oh, everybody's famous when they're old," she says later, "and if you keep on doing it, you keep getting more famous until you're gone."

In a portrait Cecil Beaton took of her as a young woman – arms propped atop an overturned table, chin resting on crossed hands, hair slick, brows arched – she is as attention-grabbing as Beaton teaching Bogart to whistle.

But though Lambert gushes about other people, at least about her clients, she is deprecating about herself.

Explaining why Bill Blass, Mark Birley, Joan & David, Gabban O'Keefe, and Save Venice Inc, among others, still rely on her for their public relations, she just says: "I still have ideas, I

suppose."

Her client roster might be considered old guard, but Lambert's no geriatric. Her social schedule is chock-full and she still attends events like the annual "Party of the Year" given by the Costume Institute at the Metropolitan Museum of Art every December. Lambert came up with the idea for the party 50 years ago. Today she regrets that events like it have become "elitist". "Most people with style are not terribly rich," she says, and so tend not to get invitations. "The people with charm and style have to be taken."

Born in Crawfordville, Illinois, Lambert left – in the go-getter American way – when she was 17. When asked how, without much money, she got to New York to begin her career, she

pauses. By train? By bus? She's still thinking. "Oh, I know," she says finally. "I eloped with a young man."

Lambert seems to remember only what is important to her, regardless of how that appears to others, which helps explain why she has prevailed so long in the overly suggestive, insecure world of fashion. She is always the PR woman, steering the conversation back to her clients and the ideas she has for stories about them.

In 1978, she published a pamphlet called *Quips and Quotes About Fashion*, which included Dorothy Parker's query: "Where's the man could ease the heart like a satin gown?" For Lambert, he was in New York. Her late second husband, Seymour Berkson, was the love of her life and when she talks about him, her professionally modest veneer melts for a moment. Like Diana Vreeland, the legendary editor of *Vogue*, whom she knew, Lambert was besotted with her husband and truthful in her work. It was possible to be both, she says, "because he was besotted with me, too."

Of the fashion eras, she is

most fond of the 1960s. "That's when clothes were the choicest, dressiest," she says. "People really adorned themselves every day." It was also when women became more interested in business and careers, when "it became fashionable to be busy."

It's fashionable again, but Lambert is puzzled by the response of women, and of designers, to 1960s-type freedom. When women complain that their work is unrecognised, for instance, she has a simple solution. "Get over it." Becoming "used to being second tier, being Adam's rib" is just a bad habit.

If she chafes at the direction of American design today, it is because she suspects a lack of individual conviction. "The whole thing is getting too homogenised," she says. "I don't know what the hell is going on."

Lambert doesn't damn the efforts of all designers. She cites Isabel Toledo, who in autumn 1997 showed gauzy dresses with flashes of cardinal-red ribbon at the neck, as "serious and concentrated". Anna Sui, who dressed the "grunge" era in "romantic costumes at night", is worth watching.

Still, like a matriarch does of her progeny, she expects more of the Americans she helped to establish. Virgin Airlines impresses her more. "The one I want to meet is that Branson," says Lambert. "He's the end."

It's time for dessert, and I fill my plate with five different sweets: Lambert insists on just one, cheesecake, and assures me it's "the best in town".

After lunch, her driver delivers us to Kleinberg Sherrill, a luxury accessories company with a boutique on Manhattan's Upper East Side, also a client. Approaching the shop, Lambert waves her cane towards a pile of big black garbage bags heaped on the pavement. "See those?" she says. "I found eight of those in my basement years ago [full of fabric], and now I'm upholstering half the house. I feel like I had a blessing from heaven."

For all her public relating, Lambert makes a simply substantive statement: fashion may happen under swish white tents in New York, Paris and Milan, but style can be found in your basement. The Empress, it turns out, has clothes.

## Home Truths / Walter Ellis

## A juror who lacked conviction

There are democrats and there are rationalists and there are those who are willing to do jury service. My summons to judge the guilt or innocence of my fellow citizens came nearly 20 years after I first moved to London, and took me entirely by surprise.

For reasons too self-indulgent to go into, the call could hardly have come at a worse time. I had already managed to postpone my service for a month on the basis that I was due to attend a wedding in San Francisco; my request for a further deferral until next year met with a firm, if polite, refusal.

Thus it was that I first traipsed into Knightsbridge Crown Court, in the Borough, on a damp Monday morning. Knightsbridge? That was odd for a start. The Borough, a Dickensian corner of old London, wedged in between Blackfriars and the Elephant and Castle, is not best known for its access to Harrods. It turned out that the court had been moved south of the river on a temporary basis some years before and, as is the way with

short-term relocation, had never made it back. The judges and barristers must be kicking themselves.

Upstairs, in the jury assembly area, the scene resembled a provincial airport lounge. About 20 people, dressed in everything from pinstripes to shell suits, either sat around on comfy chairs reading old copies of *Hellol* or queued for tea and toast at the self-service cafeteria.

I had arrived at 10 o'clock, believing this to be the correct starting time. In fact, I should have been there an hour before to listen to the bailiff and his deputy instruct us on the etiquette and protocols surrounding our bodacious duty. Had I missed much? Apparently not. A laconic young man, who looked as if he might be a teacher or a bank clerk, filled me in in five minutes.

Our names would be called some time in the next few hours, he told me, and we would each be assigned to a court. At this point we would be a standing jury. Later, should a trial be agreed, 12 of us, from the 17 or so in each batch, would be selected to hear the case. The rest would return to the

departure area and await reallocation. That was it, then. Half an hour later, I was assigned a court and took my seat as one of the standing jury. Then I waited. And I waited. The bailiff, a gentle, charming man, came out from time to time to keep us informed of developments.

**The accused faced several more trials and was as unbalanced as a fruit cake**

But our journey in pursuit of truth was indefinitely postponed.

The afternoon session, starting at 2pm, turned out to be no more eventful than the morning, and by five I was back home, vaguely dissatisfied.

On the Tuesday, there was a brief flurry of excitement when I was led into court and very nearly empanelled. But it was not to be. A fellow potential juror, who had earlier

remonstrated with me for running in the corridor, was discharged when he appeared to inform the judge, via the clerk, that he didn't like the colour of the defendant's eyes. Even his withdrawal, however, was not enough to secure my selection.

Come the Thursday, I had just about had enough. Then, out of the blue, I found myself engaged in what local papers used to refer to as the "sequel" to an alleged robbery. I cannot go into the case. Suffice it to say that we were less than incisive in our verdict. After an impressive deliberation, during which the extreme reluctance of an English jury to convict anyone without compelling proof was triumphantly on display, we proclaimed our defendant not guilty.

At this, the judge shook his head and revealed not only that the fellow now gazing blankly at us from the dock had a number of previous convictions for robbery, but that he faced several more trials of a similar nature and was, in any case, as unbalanced as a fruit cake – the sort of misfit who in former times would

have been confined to an asylum. We gallant 12 – the widow, the baker, the marketmaker and nine others blameless and true – slunk out into the rain.

Week two was worse than week one. My nightmare now was that after an easy start, I would be caught up in some horrendously complicated case that would entrap me in the Borough for weeks on end.

A fellow-traveller in the departure lounge told me darkly that her trial was entering its third week and that she had been warned it could even spill over into the new year. Another lamented the fact that this was his fifth spell of duty.

But I need not have worried. Having been sworn in a second time, I found myself discharged entirely by a smiling judge when he discovered that one of my fellow jurors had to catch a train by 4.30 at the latest on Friday afternoon and could not guarantee to give the case her uninterrupted attention. It was as simple as that.

Thus did I serve the cause of justice, truth and the British way. Henry Fonda eat your heart out.

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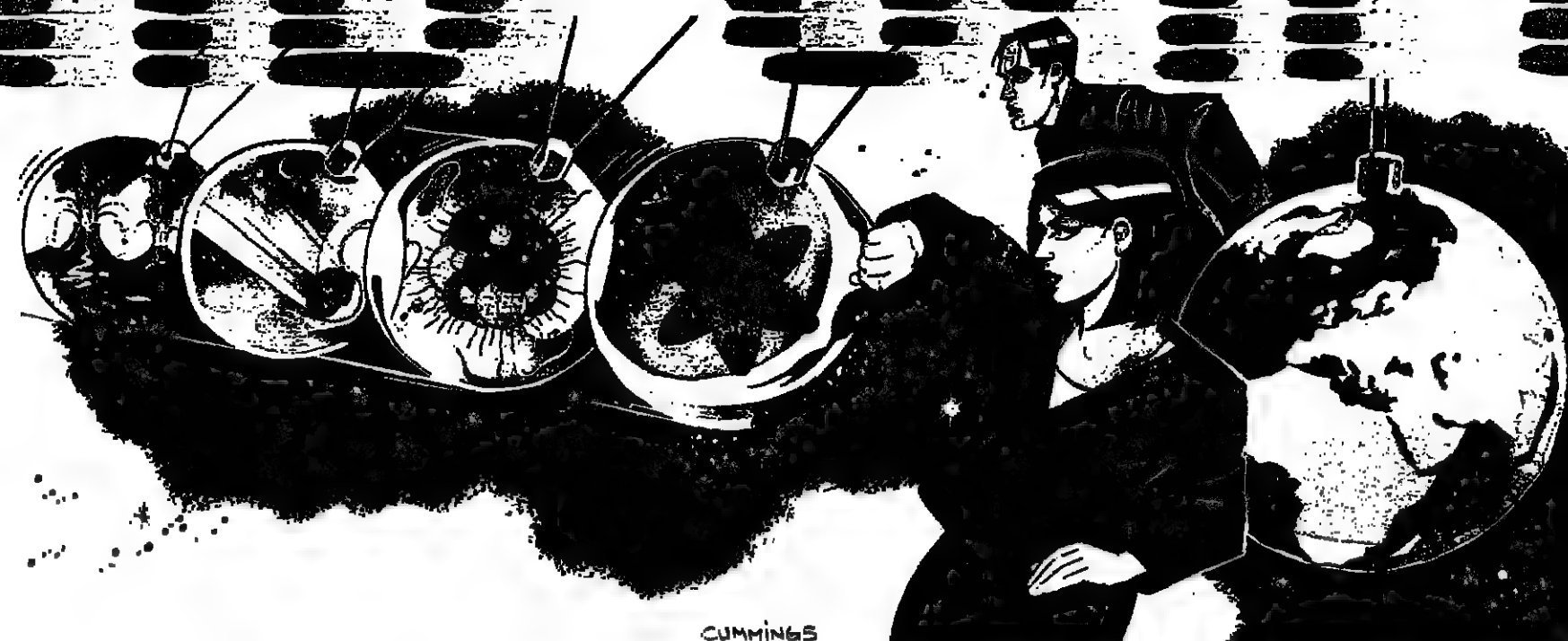
## PERSPECTIVES

The story so far. Patrick Lawrie, an expert on the threats of extinction facing mankind, has hired London investigator Jane Astor to discover why he was mysteriously attacked and savagely beaten.

Lawrie runs a Domesday web site which studies the natural and technological perils that threaten the human race.

Has Lawrie, unknowingly, exposed a particularly reckless example of scientific adventurism or corporate greed - something that could spell the end of mankind?

Astor, a 34-year-old post-feminist, is not a conventional private investigator. She is too rich and singular for that. And her assistant-cum-lover is a 31-year-old who practises trance dancing. An odd couple, indeed - launched on their strangest



CUMMINGS

Michael Thompson-Noel continues his three-part Jane Astor mystery. The plot thickens...

Pre-millennial tension - fear of the new millennium - seems to be in short supply, yet we were promised such a lot of it.

I am not saying that all six of us are travelling towards January 1 2000 in a mood of untrammelled optimism. But where is the pessimism as we approach the end of the millennium? Where are the omens, plagues, famines, unscheduled eclipses and rivers of freezing blood? Why aren't more people flinging themselves off rooftops as we embark on the Age of Anxiety? That is what I wonder.

Some commentators claim we are starting to experience the same millennial anxieties - especially the sense that nature is going haywire - that our ancestors experienced in the run-up to 1000. But I don't think we are. In fact, as 2000 approaches, most people I know or meet seem as gay as yellow dusters.

I was thinking about these things the other morning. I had woken in the half-light and stumbled downstairs to the kitchen. I live in a terraced house near Marble Arch, in central London. I looked out at the garden. There was no plague of locusts. The Age of Anxiety had still not dawned, yet I was feeling dry-mouthed and prickly, possibly because I had spent 10 hours the previous day reading about Domesday - the end of the world.

I made two cups of tea and carried them upstairs. Yanked open the curtains. Gut into bed again. On the pillow next to mine, a mass of grey black hair stirred and fell still again. "Paul," I said. "Wake up. It's 7.30. Time we got started." There was no response at all.

My name is Jane Astor. I am a self-employed, American-trained private investigator, aged 34. I have no need to work. Five years ago I inherited \$1m from my father, a designer of golf courses. Most of his masterworks are located in the American sunbelt. In spite of my inheritance I still have plenty of brain cells left, so four years ago I set myself up as a private detective. Before that I was a corporate investigator in the Miami office of Kroll Associates. I have an assistant named Paul Willson, who spends most of his nights at my

house. "Paul," I said again, louder this time, starting to get irritated. I turned the radio on, and twiddled with the volume dial. "I've made some tea," I said. "I want to start work. I'll run the show for you and make us some breakfast." Paul is 31, and can be moody and eccentric, but I am turning him into a good investigator. Most of the time we get on famously.

□ □ □

An hour later, we were at work in my sub-basement office. The house has four floors. We were sitting at separate screens but studying the same commercial web site, fiddling through its myriad sections. The site is devoted to Armageddon, and carries millions of words of subject matter related to mankind's possible, even likely, extinction some day soon.

People who study Domesday are called Endists. Not all Endists believe our extinction is inevitable, but many of them regard its likelihood as highly probable. For practical purposes, "some day soon" is held to be any day in the next 500 years.

My newest client is the owner of the Domesday web site, a London-based scientist named Patrick Lawrie. Three days before hiring me, Lawrie had been attacked on the street near his Bayswater office late at night.

His cheekbone had been smashed and his right arm broken. The thugs who attacked him might have been professional muscle-men. The attack had terrified Lawrie, though he said he had no idea what had provoked it. Had his web site inadvertently exposed an individual or corporation - even a government - whose scientific research was in danger of triggering a cataclysm that threatened mankind? That was the question.

Perhaps you will find the prospect of an extinction-threatening catastrophe too gaudy, too Hollywood, to contemplate. Most people do, especially those who have mothered or fathered 2.2 children. Breeders have to be optimistic, or what is the point?

But I am not one of them. I am an unmarried post-feminist - no, I do not despise men; rather the contrary. I believe that our species' earthly reign is by no means guaranteed to last indefinitely. We could blow

ourselves up tomorrow, or be wiped out by aliens.

That, at least, is what I told Paul once I had turned him out of bed and we had started to study Patrick Lawrie's web site. "There are millions of words on the site," I told Paul, "so dipping in and out of it in the hope of finding an explanation for the attack on Patrick Lawrie may prove futile. For the moment, however, it's the best we can do. All we need to remember is that the Domesday site is not about science fiction. Endism is a serious subject. OK, Paul?"

"OK," said Paul, "but there are some areas we can

**'The Domesday site is a responsible endeavour that is highly objective in tone'**

probably ignore. For example, the web site discusses at great length the natural disasters that could cause human extinction." He studied a list he'd scribbled on a pad. "These potential disasters include volcanoes, asteroids, comets and massive stellar or other giant explosions such as those produced when black holes have finished evaporating."

"These are controversial subjects among academics, but I don't believe there could be anything on the Domesday site concerning natural disasters that was so objectionable it had caused someone to arrange a reprisal attack on Lawrie."

"I agree, Paul," I said, and kissed him on the mouth. "You're more than a bit of gym fodder, Paul. You're actually quite bright. So we'll ignore natural disasters. Yet that still leaves numerous categories of supposed risk to mankind's survival where the Domesday site may, without intending to, have pointed a finger at someone or something." I lit a cigarette, and blew a perfect smoke ring.

"That's right," said Paul. "So I've made a list of the main categories of risk." He studied his pad again. "They include nuclear, biological and chemical warfare;

destruction of the ozone layer; a runaway greenhouse effect; global pollution; diseases. In addition, Lawrie's site also surveys the technological developments that could threaten mankind's existence, other than those directly related to warfare."

"Some scientists are sure genetic engineering will be a threat. Perhaps some genetically engineered organism will reproduce itself with fatal speed and efficiency, smothering the planet, killing everything. Threats like that are called green-scum disasters."

There was also nanotechnology, said Paul. And there were hundreds of types of possible computer disaster that might - no one really knew - lead, one day, to the elimination of all humans. Plenty of people already regarded computers as our evolutionary successors, said Paul, wriggling his eyebrows in an effort to amuse me.

"Sure, I'll take a look at it, doll," said Liz. "I've got a beautiful piece of new software from some kids in KL. Very clever kids. But you do realise, honey, that there may be real problems with meaning and interpretation so far as subject matter goes? Something that looks innocuous to me, you or lover boy may have been dynamite to someone else. Am I right or am I right?"

I told her I had thought of that, but that I still wanted her to run a search. It would take at least 16 hours, said Liz, probably more, and she'd be charging \$1,750. I told her to go ahead. It was Patrick Lawrie's money. Anyway, the Domesday site was a money-spinner, with 32,500 subscribers worldwide. Liz said she would get back to me.

Paul and I went to bed.

We slept well, got up, had breakfast and spent 1½ hours at a fitness club in Bayswater. Then we played four sets of tennis at Paddington Sports Club, a private haven in Maida Vale. We could do them as three doubles and a treble. It's called a trixle.

"I'm sure it is, Paul," I said. "How much will it cost?"

"Well, we'd want to make some insurance bets as well. Say four times £20 per trixle and four trixles in total. That equals an overall stake of £200. Is that a problem?"

"No prob at all," I said.

nately, this viciousness evaporates as soon as he leaves the court.

In late evening, after we had eaten, Paul put on earphones, covered his eyes with a bandanna and sat absolutely motionless: all part of the recommended regimen for listening to *Shaman's Breath*, a trance-dancing disc by Professor Trance and The Energisers. Professor Trance gets on my wick, but Paul listens to *Shaman's Breath* whenever we are pondering our next foray into sports betting.

We like a bet. Paul makes the selections. I manage the money. Usually, we make good profits, which we spend on holidays, usually in the tropics. At the start of last year we had £5,827 in the kitty, but we lost some of that - £2,450 - on the soccer World Cup.

After an hour of *Shaman's Breath*, Paul tore his bandanna off, then spent 40 minutes checking lists of commercial betting odds on his laptop, as well as news-agency previews of the final round-robin matches in European soccer's top club competition, the Champions' League.

Finally, he said: "I've found some useful-looking bets, Jane. Barcelona ought to be good value to beat Borussia Dortmund at odds of 6-4. If Roy Keane scores the first goal in the Manchester United-Bayern Munich match, we'd get 20-1. And we

can have 14-1 on a bet stipulating that Man United lead at half-time but that Bayern equalise in the second half."

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"No prob at all," I said.

"We could win close to £17,000," said Paul, stripping off his shirt to signal he wanted to go to bed.

"Yeah, yeah, yeah," I said, following him towards the stairs.

□ □ □

Liz Yeager finally called from Dallas late the next evening. She'd had almost no luck, she said, though she was in the process of faxing me 147 excerpts from material on the Domesday site that could - but almost certainly shouldn't - be construed as embarrassing or irritating from the perspective of the individuals or corporations to whom they related.

"But that doesn't get us anywhere," said Liz. "These excerpts aren't in any way threatening, vindictive or revelatory. As you say, the Domesday site appears to be very carefully edited, presumably for legal reasons. Anyway, we are stuck with the problem of interpretation, babe. To you, me and lover boy, almost all the Domesday material seems innocuous. Yet somebody has got it in for your client. Perhaps the attack has a different explanation altogether. Has Lawrie been foolin' around? Datin' wild, wild women? Or boys?"

"Shouldn't think so," I answered. "Lawrie's a scientist, Liz. Dullsville-on-Thames."

"Well," she said, "if the attack on Lawrie was related to something on the web site, the reason ain't obvious. That's what \$1,750 of your client's money buys you, doll." I thanked her for her time, and said I looked forward to her next visit to London.

□ □ □

Later, in bed, I told Paul I wasn't really worried by our lack of progress on the Lawrie case. "There are still plenty of options," I said, hollowly, glad that Paul, whose mind was on one thing only, did not seem remotely interested in what those options might be.

"We haven't got anywhere by studying the Domesday site," I continued, stroking his thigh, "so we'll take things easy tomorrow. I'll cook something nice and we'll watch Manchester United versus Bayern Munich in the Champions' League. Perhaps we'll win enough money for a long

trip to the Great Barrier Reef, Paul."

For as long as I have known him, Paul's greatest ambition has been to see the Great Barrier Reef.

I kissed his chest. Things were hotting up between us when the mobile rang. I wanted to hurl it across the room, but something - a vestige of conscientiousness from my earlier life, before I inherited my father's money - prompted me to answer it.

It was my client, Patrick Lawrie, sounding agitated. There had been a fire-bomb attack on the office from which the Domesday web site was produced. Lawrie had received the news from one of his partners, an Austrian named Hansjörg Koubek.

I had imagined that the Domesday site was produced in London, but it wasn't. It was put together in Kitzbühel, said Lawrie. This surprised me. "Kitzbühel in Austria, where they ski?" I said stupidly, distracted by the look of thwarted petulance on Paul's face. "Why Kitzbühel?"

"Why not?" countered Lawrie. "You can produce a web site from anywhere, Jane. Hans lives in Kitzbühel. His family have lived there for - I don't know - 9m years. He teaches in Innsbruck but lives in Kitzbühel. He drives back and forth."

The attack on Hans Koubek's office had caused extensive damage, said Lawrie, though there was no threat to production of the Domesday site. "We've got various back-up systems in place," he said. "The Domesday site is all but indestructible, unless someone goes after it in cyberspace with an extremely competent virus."

"But that's not the point, is it?" I countered. "The point is we are now certain that someone is dangerously vexed by something on the web site." I told Lawrie I had spent \$1,750 of his money having the site swept by Liz Yeager's software - to no avail.

"You're right," said Lawrie. "So I want you to go to Austria to talk to Hans. I'd go with you, but I'm due in Washington by tomorrow evening. There's a Pentagon seminar on closed biosystems. I can't afford to be a no-show, Jane. Will you go to Kitzbühel for me?"

"Yes, I'll go and talk to Koubek," I said.

I rang off. "Paul," I said. "Pack your toothbrush and leather shorts. We're going to Kitzbühel in the morning. There's an early flight to Innsbruck via Zurich, then we'll hire a car."

"Leather shorts?" said Paul, considerably puzzled. He was lolling against the headboard, flexing his biceps, smoking one of my cigarettes - something that normally makes me angry. He looked sulky and impatient.

"Good God, Paul," I said, reaching for him again. "You're exactly like Austria: an irony-free zone."

■ End Game is a work of fiction. All main characters, and all events, are entirely imaginary. Any resemblance to persons living or dead is coincidental.

NEXT WEEK: The concluding chapter.

When the fascinations of Bonn, the sleepy seat of Germany's federal government, finally tire, on a sunless, wet Rhineland Saturday afternoon, Charlie (four), Alex (almost three) and I would sometimes seek shelter at the railway station in Bad Godesberg.

We would sit pensively, watching the InterCity trains hurtle upstream to metropolitan Frankfurt or downstream to Düsseldorf. Occasionally a suburban service halted, an elegantly dressed elderly couple, or a lost student, would descend. And we waited for the signals to switch to green, confirming that the level crossing gates had closed up line.

John le Carré only hinted at the endless possibilities when he wrote, in *A Small Town in Germany*: "You know what they say about Bonn: either it rains or the level crossings are down. In fact, of course, both things happen at

the same time. An island cut off by fog, that's us. It's a very metaphorical spot; the dreams have quite replaced reality."

But I know now that we - and le Carré - are but old buffers. I recently took the children on board the fantasy express to the five-day International Model Railway Exhibition in Cologne, 20 minutes away in an InterCity. Suddenly, the dreaming was on broad gauge.

With 25,000 square metres of indoor exhibition space, 205 exhibitors from 14 countries and 29 clubs showing off their miniaturised wonderlands, the Cologne show is the biggest model railway exhibition in the world. It was certainly not for

minimalists; the marketing razzmatazz and commercialism reflected the dominance of model railways by the German-speaking countries (Austria and Switzerland, as well) at least in terms of spending per head.

Wolfgang Topp, managing director of Märklin, which turned over DM296m in sales last year, attributes the German love affair with toy trains to two factors. First is the worldwide strength of the biggest, longest-established German model railway manufacturers. Names such as Fleischmann or Märklin have the same authentic ring as the great names of (full-scale) German rail engineering: Krupp in Essen, Krauss-Maffei in Munich

and Borsig in Berlin. You can feel the pistons pumping or smell the oil and smoke.

Second, as Topp says, "the playground always mirrors what is happening in society". Germans today, he argues, are a "technology shaped generation". It is not an abstract affinity - but physical, or at least mechanical.

In the US, the railroad may have opened up the west but it never quite made the connection into 1990s everyday culture, overshadowed by the car industry. The UK has become a computer-driven, service economy; its model railway industry (at least if the UK exhibitors at Cologne were a guide) is focused on the specialist enthusiast.

But in Bonn you can still witness Germany's exports being transported down the Rhine - on the railway lines either side or in giant barges. The love of model railways is part of a precision manufacturing mentality.

By rights, model railways should be a declining industry. German consumer spending is on the slow track. The population is growing older. The country's traditional toy market is estimated to have contracted by about 15 per cent in the past six years. Market research in the past pointed to computer games sending toy trains into the engine shed. However, the German model railways industry has jumped the signals growing

by roughly 2 or 3 per cent a year.

The reason, of course, is that playing railways is not really a hobby for children - but their fathers. Even the organisers of the Cologne exhibition privately admit it attracts a high number of "freaks", fanatical about Prussian passenger wagons or tender types.

Manufacturers have long given up trying to attract female followers. But they are seeking a younger clientele, building on father-son relationships. The trend is towards digitalisation and computer control with a deliberate appeal to technophile 10-year-olds. "We have shown that the model railway is not a relic of the past but a toy of

today using living technology," says Topp at Märklin.

Nevertheless, the fathers clearly have the upper hand. The age factor showed at Cologne in the romanticised layouts of the late 1950s, early 1960s epochs. "Everyone remembers their own childhood, their particular fascination with railways," says Topp. The manufacturers pitch products carefully - this is no commodity business, a German will want German rolling stock, a Swiss father will want the correct regional livery.

We strolled around the exhibition for hours, Charlie and Alex pressing their noses against the glass panels or straining rope barriers to watch tiny trains race through tunnels and climb improbable gradients. Perhaps the plaster and chickenwire landscapes - the symmetrical mountains and tidy villages with enormous stations - were too nostalgic. But it whiffed away the day. And it wasn't raining.

Dispatches / Ralph Atkins

## Closely observed trains

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## BOOKS

# Beckett: a faithful courtier of failure

Craig Raine on the playwright who wanted his drama to provide 'a full evening's agony'

Beckett is a very uneven genius. His dramatic career flutters infallibly to world acclaim with an unbroken series of "deliberate" duds, plays seething with antipathy to the Theatre. *Waiting for Godot*, *Endgame*, *Happy Days* Beckett's truly theatrical, truly human greatness is to be found rather in the dwarf dramas - *Krapp's Last Tape*, *Not I*, *Rockaby*, *Embers*. Alan Schneider, Beckett's chosen director in America, is indiscriminate, an enthusiast who is on for everything. The works meet the most perfect works manager. That is the main story of this correspondence.

In the 20th century, it is NO AUTHOR BETTER SERVED: THE CORRESPONDENCE OF SAMUEL BECKETT AND ALAN SCHNEIDER edited by Maurice Harmon

Harvard \$35, 312 pages

axiomatic that to be avant-garde is to be misunderstood. There is no success without prior failure. Instant success entails subsequent failure - think of Kipling, blighted by his perceived blemish and his tainted popularity. The true artist's place is well outside the pale. This myth is so potent that it accounts for the most winning moment in these letters. Nixon is being impeached. Schneider sends Beckett a comic revue satirising Nixon's antics at the White House: *Watergate Classics* parodies Lucky's speech in *Godot* and makes a connection between Krapp's *Last Tape* and the *Watergate* tapes. Schneider is gleeful. Beckett fastidiously differs: "Thanks for the *Watergate Classics*. I do so hate the hue and cry, however obnoxious the quarry, that I'm sorry to be there."

"There" being inside the pale - obviously and inevitably with the majority. This was repugnant to a writer who had spent his life avoiding being caught in the cleft rump of the consensus, with its overpowering odour - not of ordure, not even of sanctity, but of sanctimoniousness. One thinks of Zbigniew Herbert's poem "The Power of Taste" which explains political dissent not in terms of courage, but in terms of aesthetics - the sense that the regime is, in the end, unacceptably vulgar. Communism is common.

Beckett believed in failure. He courted failure faithfully, assiduously. He snubbed popularity patiently, pointedly, resourcefully: "success and failure on the public

level never mattered much to me, in fact I feel much more at home with the latter, having breathed deep of its vivifying air all my writing life up to the last couple of years."

But surely Beckett wanted to be popular in the end? Yes and No. When he won the Nobel Prize in 1969, his wife explained "Tu es payé." Not an anxious cry, I think, but indicative rather of an habitual, hardline mistrust of the garlanded - the honoured as harmless, empty, spent forces, plumply sprawled on their laurels, a couple of undone fly-bushes tearfully on show. That quotation about the "vivifying air" of failure significantly continues: "And I cannot help feeling that the success of *Godot* has been very largely the result of a misunderstanding, or of various misunderstandings."

*Godot* is an instrument of sustained torture, of denial. All the audience's expectations and additions are comprehensively refused - action, sustained dialogue, characterisation, basic coherence. When the play first opened the suspense, the discomfort, must have been acute. A glance at the programme would reveal instantly the non-appearance of *Godot*. The suspense really resides in the flaccid, indifferent awareness of its own inadequacy as drama - an attitude encapsulated in these letters by Beckett's set design specifications for *Happy Days*: "a pathetic unsuccessful realism, the kind of tawdriness you get in a third rate musical or pantomime, that quality of pauper, laughably earnest bad imitation." Rather than construction, then, *bricolage*, make-do-and-mend, routine routines, business as usual, drama with Alpbahners, full of self-forgetful penses and evaporating connections. The drama lies in whether the play can falter through the next few moments. "So all things limp together for the only possible" - as Beckett puts it so accurately in *Murphy*. As drama, *Godot* has all the invigorating danger of plunging its audience under a cold trickle of water.

It should be played, wrote Beckett in 1967, "as farcical parody of polite drawing room conversation". Beckett the iconoclast, taking his hammer to the French windows and other fixtures of West End drama. Two months earlier, he frets about programming his work in New York: "I should make it clear that I want *Endgame*, too short (one hour and a half) to provide a full evening's agony, to be followed in NY by the mime (20 minutes)." A full evening's agony. It

would be a mistake to think Beckett is joking. A year previously, as he puts the finishing touches to *Endgame*, he expresses his preference for "the desert mine to follow as the last straw" (my italics). The aim is not invention but its opposite, aesthetic exhaustion - not fullness but evanescence, not pleasure but pain. If a thing isn't worth doing, it's worth doing badly.

For Beckett, drama at its best is at its worst. Only the cognoscenti can savour the insult of a playwright barely able to bother.

In *Endgame*, the title alludes to chess - a form of play and a ritualised form of conflict - and the moment when, given the paucity of pieces left, a very limited series of moves, of plays, can be predicted. The chess terminology is there emblematically, then, as a guarantee of dramatic dullness. *Endgame* opens with Clov's covert assertion that drama itself, time and the created world, are equally washed-up: "Finished, it's finished, nearly finished, it

must be nearly finished." A start replete with promise. Joyce, Beckett's greater master and indifferent mentor, applied the term *hemiplegia* or paralysis to the souls of his Dubliners, but it would apply more exactly to Beckett's thwarted, hobbling, hampered theatre works. *Endgame* is mined with disaffected innuendo and insulting disclaimers: "this is slow work", "this is not much fun", "why this farce, day after day?" and when one character asks, "What's happening, what's happening?", the laconic answer comes, "Something is taking its course". Each of these torpid reflections is twice repeated. Not so much an economy of scale, as a minginess of scale. Nagg and Nell are pawns at the end of their progress, immobile in their wheelchairs, like a King restricted to one movement: Clov limps diagonally across the stage. The two principals sum up the dramatic fiasco: "Hamm: We're not beginning to... to... mean something? Clov: Mean some-

thing! You and I, mean something! (Brief laugh) Ah that's a good one!" The flickering, exhausted action is a the butt of constant disaffected comment: "Keep going, can't you, keep going!" attempts to keep inaction at bay.

There is something tonic

I write because I have to - I don't mean for money - but for my own needs

In Beckett's refusal to toady to his audience, in his insistence that the drama is unworthy of applause - utterly clapped out aesthetically. And his disbelief in the genre curdles nicely with his distaste for its mechanisms: Deirdre Bair's excel-

lent biography has been ostracised by the literary establishment but it is a trove of Beckettian aesthetic brutalities: "the best possible play is one in which there are no actors, only the text." Artistically, Beckett is a nihilist. Compare Wilde's doorbell and Beckett's alarm clock. Wilde shares the joke, while Beckett dares you to laugh. Wilde's doorbell is "Wagnerian", a work of art only because its note is sustained either by a relative or creditor. In *Endgame*, the alarm clock is there to buy the idea of art and the notion of discrimination, differentiation or development. "The end is terrific!" says Clov. "I prefer the middle," says Hamm.

With this ostentatiously glazed indifference, however, comes a self-regard much on view in these letters. If Beckett turns his back on the world, it is in the manner of Gilbert Osmond in James's *A Portrait of a Lady* - that is, a display of unworship that never loses sight of its effect in the world. The dust jacket of *No Author Better*

*Served* promises more disclosure than it actually delivers. Beckett gives less away as the correspondence proceeds. Throughout he sets his face against explication - and sets a fashion for the exegetical oubllette. "But when it comes to these bastards of journalists I feel the only line is to refuse to be involved in excess of your kind. That's for those bastards of critics." David Cante's biography of Joseph Losey, *A Revenge on Life*, gives us Pinter and Losey facing an audience of college editors about *Accident*. [Ross Weststrate's report in] *The Village Voice* reproduces the friction created by Pinter's pretentious perversity with its element of *homage* to Beckett: "I'd understand questions about meaning if I knew what the word 'meaning' meant." Losey also took up this "Trappist ritual" and the critic John Simon accused the pair, with every justification, of insulting their audience: "I've seldom seen two such consummate phonies on stage at one time." Remember what a

worthy but slight film *Accident* is. Neither was a phoney *as found* but they had learned two things from Beckett - the trick of treating the audience with contempt and an awareness that an authorial vacuum will suck in hermeneutical interest.

Had this attitude been cynical, it would have been acceptable. In 1967, though, at the time of the Pinter-Losey press conference, the artist was conceived of as fatuously instinctive, a creature of profound intuition. Like the poor, he is still with us. *No Author Better Served* serves up quite a lot of this mystical, self-aggrandising, pretentious tosh. The explanation in Beckett's case can be found in Deirdre Bair's biography. Beckett was desperate to shake the shadow of Joyce: "I am sure that every letter, every syllable, every word, every sentence, every paragraph, every page, every chapter of every book, had meaning, because that is the way Joyce committed his thoughts to paper. In my case, I write because I have to - I don't mean for money - but for my own needs. I don't know where the writing comes from and am often

'Success and failure on the public level never mattered much to me'

quite surprised when I see what I have committed to paper. Writing, for me, is an entirely different process than it was for Joyce."

What we have here is not truthfulness but territoriality. It is pure pretence when Beckett feigns equality with director, actor and audience in the matter of meaning: writing to Schneider about the gabbling "dead" woman in *Not I*, suffering her after-life or self, Beckett writes that she is "purely a stage entity, part of a stage image and purveyor of a stage text. The rest is Ibsen." Here Beckett is modestly denying "the old business of author's supposed privileged information."

Supposed if it ever came to directorial liberties - that is, assumptions of real equality - Beckett would have none of it.

When he is writing *Happy Days* he confides to Schneider some boldly bogus haruspication as the dramatist investigates the rag and bone shop of his brain: "I don't see the play at all clearly, but a little more so. The figure is a woman as far as I can see..." Reading this *disingenuous* piffle, it is difficult not to quote Paul Valéry on Victor Hugo: "The very qualities which Hugo thought would make him immeasurably great and rank him with the gods merely make him seem ridiculous. His notion was based on a fallacy. A poet should make no secret of his calling, should talk of versification, own up to his midnight oil, and not profess to hear mysterious voices."

Alas, the example of Alan Schneider, whose half of this correspondence shifts from the devoted to the devout, shows us that Valéry is right to conclude with a rhetorical question: "But would people have any use for poetry if it did not claim to be oracular?" For "poetry" read "drama" and you have the case of Samuel Beckett, sulking furiously in the shadows - waiting perhaps for one of his own stage directions, *Fade-up to dim*.

Short Stories/Christine Pountney

## When the head kills the heart

In her latest collection of short stories, *Elementals: Stories of Fire and Ice*, A.S. Byatt explores the often paradoxical relationship of attraction between opposites and the reciprocal nature of polarities. Although her stories are intellectually formidable and aesthetically sound, they lack emotional impact; they are the sum total of cerebral propositions, as tidy as mathematical equations. Her characters are one-dimensional torch-bearers, loaded with significance. They stride on to stage like doomday nay-sayers, squashed between the sandwich-boards of their own ideological fanaticism.

If allegorical reductionism and ideological certainty are what you seek, you will find this book as bolstering as two leather bookends, but if you want real live flesh and blood, then you might be disappointed.

In "Crocodile Tears", Patricia loses her husband and surreptitiously disappears to Nimes where she is rescued from numb indifference by a guilt-ridden, blue-eyed Norwegian. Help arrives in the form of the Norse myth and ushers in their own

pass, the two characters find their way back from the cold climate of shock, grief and denial to the temperate zone of acceptance, compassion and responsibility.

In "A Lamia in the Cevennes", Bernard, a ruthlessly ambitious painter, discovers a lamia in his swimming pool. The lamia (a mythical creature or sorcerer, with the body of a woman or a snake, who preys on humans) offers Bernard all the power, riches, and knowledge he has ever dreamed of in exchange for a kiss.

More concerned with capturing on canvas the snake's iridescent colours, Bernard puts off kissing her until his friend Raymond arrives for a visit. That night, drunk and tired, Bernard forgets to close the windows. In the morning, Raymond descends from his bedroom with a beautiful woman in tow.

Hardly perturbed, Bernard

finds his next muse in the purple and orange wings of a butterfly; once again, "happy, in one of the ways in which human beings are happy". "Cold" is a fairy tale about Flammaraosa, an ice princess, who falls in love with the hot-blooded, glass-blowing Prince of Sasanía.

Once arrived in the prince's hot country, their rapturous lovemaking gradually withers to domestic neglect as Flammaraosa begins to wilt from the heat. Sasan, ever in love with his chilly bride, comes up with a solution: he builds her a palace of glass set deep in the snowy mountains on the edge of his kingdom.

It is not a perfect scenario as the prince has duties back in the capital; but compromise triumphs in the end, and Flammaraosa learns to occupy her time during the frequent but tempo-

"Jael" is by far the best story in the collection. It manages to combine intellectual fact with humour and the human touch. It is a story about boredom and competition, about what could

ELEMENTALS: STORIES OF FIRE AND ICE by A.S. Byatt

Chapin & Windus £12, 232 pages

have been, informative experiences in childhood, and the unreliability and insistence of memory - about the "significant things that of course you remember..." and then the other sort, the curiously bright-coloured, detailed pointless moments that won't go away". It is also about making art by altering the facts - something Jael is all too familiar with as a writer and director

of a series of 788 gouches called *Life? Or*

Written in first person, "Jael" is a stream-of-consciousness interweaving of the narrator's past and present. A continuum is drawn from Jael's first artistic awakening as a child, colouring in an illustration of the biblical story of Jael and Sisera, to her present job: yet what she remembers most about the illustration is not the "shocking morals" of the tale, nor the biblical invitation to gloat over violent revenge, but the excitement she felt at spreading "more and more of that red over the paper".

"Jael" provides a sophisticated look at the moral ambiguity potentially inherent in a work of art (along with a delightful etymology of the word grenade, and a surprising argument in favour of TV).

In the last story of her collection, "Christ in the House of Martha and Mary", Byatt continues

tion of art, raising the artist to a priest-like status. In a rather pompous story about the painter-as-Christ, two peasant women come round to a different way of thinking.

They are both admonished, one for her vanity, and the other for not understanding that, as a cook, she has a craft too, equally important in its attention to detail as that of the painter's; a craft so important that, through interpretation, it can raise an object to a level of even greater significance than it has as a thing in itself.

"It was silly that oil paint on board should make eggs and fish more real, when they were less so. But it did." This quote perhaps best sums up the driving force behind the collection, and a point on which the author and reviewer disagree.

There is a vein of intellectual "There's a sort of intellectual, 'I've seen it, I've seen it, I've seen it'..."



Intellectual tidiness imposed upon emotional complexity: A.S. Byatt

book that left me feeling cold, a certain static lifelessness to Byatt's characters. By prioritising intellectual tidiness on to the emotional complexity, sometimes indeterminate nature of life, Byatt has written a collection of stories that, paradoxical though it may be in a book as meticulously descriptive as this one, describes less about the world than it does about the author's

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## BOOKS

## It's apocalypse now...

Next year's authors are brooding - on genetics and psychology - says Jackie Wullschlager

How can publishers tell if they have a bestseller on their hands?

The big guns, of course, are dead certs, and 1998 opens with the loudest of them in sparklingly up-to-the-minute form. Tom Clancy's *Power Plays* - ruthless.com (Michael Joseph), about a new kind of millennial military software terrorism, is out for the New Year.

John Le Carré's *Single & Single* (Hodder, January) is a novel of love and "the triumph of humanity" set on the crime-driven streets of post-Communist Russia, on a billionaire's estates on the Bosphorus and in the High Caucasus.

John Grisham's *The Testament* (Century, February) mixes legal suspense and adventure in the tales of a burnt-out Washington lobbyist just out of rehab and a woman who left modernity to live with a primitive tribe in the Brazilian jungle. Any future sociologist of pre-millennial fears, hopes and dreams of escapism across the globe could write his thesis based on these three international novelists alone.

For newer authors, the risk element - will it hit the big time? - used to be the sexy ingredient of publishing, but increasingly in a vast global market - Grisham has sold 60m copies - where world and film rights sell for enormous sums, such things are pre-arranged.

The handful of new titles which receive six or seven-figure advances are the ones that gobble up marketing budgets, are hyped months in advance and arrive in bookshops stamped "bestseller" before a punter has even opened them. More books are published than ever, but we have paradoxically less choice about the ones that reach us.

Billed as thrillingly original, there is something - that gleam in a marketing executive's eye -

sadly uniform about the bestsellers-in-waiting of the late 1990s. Exotic setting is a must; filtration with history important; an undercurrent of environmental or 1990s caring values helps; a plucky heroine ahead of her time clinches the deal.

Arundhati Roy's *The God of Small Things* (1997) was the prototype for this kind of mock-radicalism. Likely bestsellers in the same mould for 1999 are Lauren Beller's *City of Light* (Sceptre, June), set in glamorous 1900s Niagara at the time of the first environmental battles - Michelle Pfeiffer is already billed as heroine of the movie; and Andrea Barrett's *The Voyage of the Narwhal* (Flamingo, March), about a Victorian polar expedition gone wrong and the frustrations of a group of Philadelphia ladies left behind.

Non-fiction cousin is Bella Bathurst's *The Lighthouse Stevenson* (HarperCollins, April): Robert Louis Stevenson's ancestors fought the elements to build lighthouses along the wild Scottish coast in the late 18th century. This slim, precisely focused account has shades of Dava Sobel's *Longitude*, in style and layout; US rights were sold for six figures.

Then there is *The Emperor's General* (Michael Joseph, July), a *Madam Butterfly* of our time, set in Japan and America at the end of the second world war, about a captain torn between patriotism and love for a Filipino woman. Written by James Webb, one of the youngest members ever of the US Cabinet, serving as Secretary of the Navy at 41, this is an insider's tale of the seduction of

power; rights have gone to Paramount Pictures for \$2m. Of young British voices, 30-year-old Richard Mason, undergraduate at Oxford, is favour of the year; in *The Drowning People* (Michael Joseph, April) murder and intrigue play out against the backdrop of Prague and an ancestral home by the Atlantic.

Established literary novelists, by contrast, are in apocalyptic mood. Salman Rushdie's *The Ground Beneath Her Feet* (Cape, April) is "a tale of love, death and rock'n'roll" - a singer is caught up in an earthquake, symbol of "our shaken, mutating times"; in a remaking of the Orpheus myth, a lover's search for her is also the story of flawed man-meets-woman.

Doris Lessing's *Mara and Dann* (Flamingo, April) is the odyssey of a brother and sister living in a future where the earth's climate has reached extremes - icy north and unbearably hot and dry south - between which they must journey.

Peter Ackroyd's *The Platypus* (Chatto, April) is set 2,000 years hence; a London orator lectures on the unhappy era of Mouldwarp, time of Dickens and Freud; his history is deemed so brutal that he is tried for corrupting contemporary youth. Ariel Dorfman's *The Ninety and the Tenth* (Sceptre, March) is a comedy of sex, Antarctica and Che Guevara.

Among chroniclers of the everyday come John Updike with a "quasi-novel" of a septuagenarian, *Bech at Bay* (Hamish Hamilton, January); Shena Mackay with *The World's Smallest Unicorn* (Cape, March); and Annie

Proulx's *Close Range: Wyoming Stories* (Fourth Estate, June) one of the stories, *Brokeback Mountain*, of doomed love between two drop-out country boys, is to be filmed by Gus Van Sant - while Vikram Seth's *An Unquiet Music* (Phoenix House, April) is a romance which opens with a chance sighting on a London bus.

Written by one of the youngest members ever of the US Cabinet, this is an insider's tale

In non-fiction, genetics and psychology are the themes of 1999; we are obsessed with how we will shape up as a race for the new millennium. In *Sex in the Future* (Macmillan, April), Robin Baker, author of *Sperm Wars* and *Baby Wars*, shows how biological factors shape our reproductive behaviour for millions of years are suddenly changing, and how social and technological advances - egg-cell fertilisation, ways for men to have children with men, cloning - could influence sexual relationships.

But most of us don't want designer babies: in *Brave New Worlds: Genetics and the Human Experiment* (HarperCollins, January), Bryan Appleyard, one of our

sharpest cultural commentators, takes the liberal humanist position against the advance of scientific ethics, or lack of them, in genetics. Jonathan Weiner's *Time, Love, Memory: The Story of Genes and Behaviour* (Faber, May) inquires into the origins of behaviour - how much is decided before we are born, what is written in our DNA, in what code and of what materials?

All these should be read in conjunction with *Seven Up: From Seven to Forty Two* (Heinemann, March), the accompaniment to Michael Apted's brilliant documentary series, which filmed 14 children aged seven in 1963 and followed them, every seven years, showing how they grew up, how Britain changed and how class exerts an indomitable influence on our lives.

At the start of the 1990s, the promise of Prozac made us question the nature of unhappiness; 1999 is the drug's 10th birthday and a rush of books on the nature of depression are out. Lauren Slater's *Prozac Diary* (Hamish Hamilton, February) is about living with mental illness, controlled but not cured by Prozac. *Malignant Sadness: The Anatomy of Depression* (Faber, February) lies in Lewis Wolpert's new BBC series and presents depression as a normal emotion become pathological; biological and psychological understandings are explored.

Doctor-next-door Thomas Stuttaford chips in with *In Your Right Mind: A Guide to Everyday Psychological Problems and Common Psychiatric Conditions* (Faber, May) and David Small reissues his controversial *The*

*Origins of Unhappiness: A New Understanding of Personal Distress* (Constable, March), about the effects of visible and invisible social power, arguing that "it is the society we live in rather than the individual that needs to be treated".

The nature of power runs like a golden thread through the cultural and social commentaries of 1999. In *The New Economy: Making Money out of Thin Air* (Viking, June) Charles Leadbeater argues that the old economy of the industrial era is giving way to an economy based on knowledge, ideas and creativity from Bill Gates to Delia Smith and Princess Diana to Calvin Klein.

Dominic Hobson's *The National Wealth: Who Gets What in Britain* (HarperCollins, April) is about money, ownership and control at all levels of society. Martin Short's *Secrets of the Jury Room* (HarperCollins, July) is a devastating, timely critique of our woeful judicial process; Simon Haffer analyses the consequences for the English of the dissolution of the Union in *Nor Shall My Sword: The Reinvention of England* (Weidenfeld, April); Ian Buruma examines how Europeans see Englishness in *Voltaire's Cocoon: or Anglomaniac in Europe* (Weidenfeld, March).

Hottest political biographies come from overseas: George Stephanopoulos' *All in the Mind* (Hutchinson, March), a spin-doctor's revelations about the scandal-by-scandal reinvention of President Clinton, and Nelson

Mandela (HarperCollins, May), Anthony Sampson's authorised biography, published to coincide with Mandela retiring from office as President of South Africa. David Mellor's *Old Wine and Broken Bottles: The Tories in Power* (Michael Joseph, May) suggests local amusement and Margaret Cook's *A Slight and Delicate Creature* (Weidenfeld, January), vengeance.

Among historical lives, one of our greatest biographers, James Boswell, is finally biographed, by Peter Martin (Weidenfeld, June); there are rival lives of Kipling, *The Unforgetting Minute*, by Harry Ricketts (Chatto, January) and by Andrew Lycett (Weidenfeld, April), and, in the bicentenary of his birth, of Pushkin - by T.J. Binyon (HarperCollins, autumn) and by Serena Vitale (Fourth Estate, February).

Most exciting critical works will be Shakespeare: *The Invention of the Human* (Fourth Estate, March), by the clever and eccentric Harold Bloom, and *Farewell to an Idea: Episodes from the History of Modernism* (Yale, March), in which Berkeley Professor T.J. Clark suggests that modernism and socialism depended on each other and have ended at the same moment.

George's Ghosts: *The Secret Life of W.B. Yeats* (Picador, May), promises sensations from Brenda Maddox, who has wittily unravelled the marriages of Lawrence and Joyce, and Matthew Boyden takes on one of art's most difficult moral cases in *Richard Strauss: The Conquest of Science* (Weidenfeld, April), spanning a lifetime in Germany from 1864 to 1949, including the Nazi years. As usual, history's villains make irresistible heroes: look for Ann Wroe's *Plato: The Biography of an Invented Man* (Cape, March), Curtis Cate's *Friedrich Nietzsche* (Hutchinson, June) and Neil Schaeffer's *The Marquis de Sade* (Hamish Hamilton, July).

## The 'It' girls of the old south

Jeremy Gavron on the fascinating lives of Nancy Astor and her sisters

The Langhorne sisters were, forgive the expression, the "It" girls of the 1890s, and would have faded with their looks had not the third of them possessed a feistiness and ambition to equal the ethereal beauty of all five put together. As Nancy Astor, she became one of the richest and most famous women in the world, confidante of George Bernard Shaw and political opponent of Winston Churchill, with whom she crossed swords as Britain's first sitting woman MP.

Her story is well known, but in delving into her family past, James Fox, her grand-nephew, has given it a new context, as well as painting an intimate picture of an extraordinary family.

The Langhorne girls were born into a world whose "hankering for the old south" destroyed in the civil war gave it a peculiar mixture of instability, romanticism and degeneracy. In the last of the Southern Belles - her 22 proposals of marriage were "a matter of civic pride" in Richmond, Virginia - escaped by marrying the New York illustrator, Dana Gibson, who made her into the model of the Gibson Girl.

Nancy and her younger sister Phyllis were not so lucky. Phyllis married a "spoilt" Jewellery who called her "old man" and was "pretty well busied with Mr. Quilbird", while Nancy's husband was a polo player who apparently overcame her sexual distaste of him by chloroforming and impregnating her.

This, in a cruel way, was the making of Nancy. To escape she took her son and crossed the Atlantic to

England, where her southern sass - Fox compares her at different times to "Muhammad Ali and Dame Edna Everage" - was so enchanting that she had her pick of men. She chose Waldorf Astor, one of the richest in the world, and, summoning her sisters, she set out to conquer, first, English society, and then British politics.

Fox likens his story to a **THE LANGHORNE SISTERS** by James Fox Grants £20, 610 pages

"classical drama" and in the hands of a Thackeray or George Eliot. It might have made a sweeping Victorian novel. But Fox's chief source material tips it more towards melodrama. In the servants' quarters of his grandparents' house he found an old black trunk containing thousands of letters written by the sisters to each other, and while these are a uniquely revealing find, what they mostly reveal is an obsession with money, jewels, shopping, looks and courting. These are women out of Scott Fitzgerald, yet they are on the whole left to tell their own story, without the refracting mixture of fascination and revulsion with which Fitzgerald deftly viewed them.

The letters from the sisters' men are more interesting, and it is a pity that those from Phyllis's suitor, Captain Henry Douglas Pennington, never fell into the hands of that other great satirist of the rich and noble, Evelyn Waugh. The Captain was a big game hunter, and

for several years his passionate letters written from increasingly wild and obscure places. East Africa, Mongolia, Chinese Turkestan, where "after three nights on a mountain unsuccessfully chasing a she-bear, the Captain suddenly let loose with his pen", kept Phyllis in thrall. When war broke out, the Captain was offered a staff post which would have meant signing up for ten years, but unwilling to be a soldier's wife Phyllis encouraged him to remain at the front, where a shell took off his head. His Grenadier Guards uniform was sent to the Langhorne home in Virginia, where the coloured family butler wore it to church.

*The Langhorne Sisters* is saved from melodrama, though, by Fox's consistently serious approach to his subject. Beauty, and in Nancy's case wit and will, enmeshed the sisters with the events of the time, and Fox skilfully and seamlessly weaves together private and public lives. Perhaps the most sympathetic character in the book is the banker Bob Brand, who married Phyllis after the Captain's death, and worked with John Maynard Keynes to prevent the economic collapse in Europe that led to the second world war.

But it is Nancy, as in life, who increasingly takes centre stage. Conscious that her biography has been written several times, including by herself, Fox does not try to tell her whole story, but concentrates instead on the parts his new material illuminates, such as her bravery in sitting day after day for two years as the only woman in a hostile male parliament. She may have been "badly informed", her ideas "largely based on emotional prejudice", but her mere presence was worth a hundred clever speeches.

As a mother she was less of a success. With her wit and charisma she made her sons fall in love with her, but gave them little back. David, later the brilliant editor of the Observer, broke from her completely for several years, while her oldest son, Bobbie, who as a young man had been an officer in the Royal Horse Guards, ended up in his sixties living as a cockney character under the name Woodbine Jack. He rented a room from the foster mother of a former boyfriend in Elephant & Castle, having decided that working class people were "nicer, more human and enjoyed life more." His cousins, Phyllis's two sons, had already both committed suicide. Some years after his mother's death, Bobbie took



'I am placing you on an altar inside my heart' wrote Fidel Castro (pictured here in 1955) to Naty before he came to power

## For the love of a revolutionary

Kieran Cooke on the haunting tale of the society girl Fidel Castro cast aside

In a small, cluttered apartment room in Havana a majestic looking woman, as old as the century, sits turning the pages of her photo albums. Dona Natica looks at pictures of dances at the old yacht club, society ladies playing canasta at the Hotel Seville and at fading images of elegant young men and women parading along the Malecon, the Havana sea front.

Across the room, Naty, Dona Natica's daughter, is caught up in reminiscences of a different kind. She unfurls the ribbon on a pile of love letters exchanged in the early 1950s between herself and Fidel Castro. The future Cuban leader is in prison. Naty, daughter of a well-to-do merchant family, is dancing her way through Cuba's high society. "I don't know what will become of us, but I want you to know that I am placing you on an altar inside my heart" writes Fidel.

This is a remarkable book about love, disillusionment and exile, a tale which in its own simple way tells as much about Cuba as any

political treatise or weighty economic analysis. Natalia Revuelta Clews (her grandfather was a naval engineer who arrived in Cuba from Staffordshire at the end of the last century) inhabited a glittering world as a strikingly beautiful 20-year-old in Havana in the mid 1940s.

"Postwar Havana, like Paris and Buenos Aires in the 1920s and '30s, was an enchanted place: King Leopold of Belgium at the golf course with the Count of Barcelona; the Duchess of Alba at the Gomez-Menas ball; the black-tie dinners after the regatta at the Havana Yacht Club, where the winner of the Copa Bacardi sat on a high leather chair singing 'Lobo de Mar', with Carole Lombard in the chorus. It was no accident that El Encanto (The Enchantment) was the name of the leading department store."

Naty was caught up in a class composed of people who devoted themselves almost entirely to being decorative. She married a surgeon 20 years her senior and had a daughter. Then she

fell in love with Fidel Castro. Fidel used Naty's house as a refuge in his struggle against Batista. To this day, Dona Natica is horrified at her daughter's folly (not least among Fidel's sins was that he did not know how to dance). The relationship between the fiery, egocentric

**HAVANA DREAMS** by Wendy Gimbel Large £16.99, 196 pages

revolutionary and the society girl grew. Naty sends Fidel books to read in prison - French and Russian classics - and Kipling's poetry. "Take care of your teeth so that when you read my letters, there's a white smile on your face" she tells Fidel. "Remember that nicotine stains the teeth and that you smoke like a chimney."

When Castro is released from prison he and Naty have a brief physical relationship. A daughter, Alina, is born. Batista and the mafia flee the country and, in 1959, Fidel sweeps triumphantly to power. Naty and daughter are brushed aside as Fidel concentrates on his

revolution. "You know that personal matters are the least important to me" he writes.

The world of the socialite turned revolutionary is shattered. Naty's husband leaves with their daughter for the US. It will be 20 years before mother and daughter meet again; by then they are virtual strangers to each other. Alina has only fleeting glimpses of her father as she grows up. Once he brought her a doll - a figure of a rebel soldier with a beard. Another time he asked if she wanted to see a movie. Alina yearned to see *The Godfather*. Fidel showed her a film of his recent tour of Eastern Europe. The daughter of the great revolutionary suffers from eating disorders. She marries - four times within as many years - and has a daughter of her own.

In 1983 Alina Fernandez Revuelta (Fidel refused to give her his name) escapes to the US where she is fêted by the media for a time and then forgotten. "Escape was and is the prevailing theme in Cuban life" says Wendy Gimbel.

The exiles in the US (los

guanos, or the worms, as Castro calls them) are a discontented lot, clinging to the faded images of the past. Meanwhile, those left behind in Cuba dream of escape or, like Naty and her mother, suffer a form of internal exile, trapped in their memories.

Fidel himself is also a curiously dated figure, talking of the Cuban missile crisis as if it happened yesterday, still mouthing slogans no one believes in any more. And in the background is the tired old quarrel between Washington and Havana - a silly business with little relevance to present day realities.

Standing nobly above it all is Naty. She has sacrificed four decades for a man and a movement that gave her nothing. Yet she has no bitterness, no regrets. She has her old love letters. There are still others like her in their Havana apartment blocks, rummaging through the past, too old to worry about the future.

"Nos pasamos la vida viendo pasar el tiempo" ("we spend our lives just watching time pass").

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Why age does not wither them

Brave critique of a shunned composer

David Mervin

Serial



## ARTS

# Why age does not wither them

William Packer admires the work of three older artists whose talents continue to mature

It is a point that cannot be made often enough, that new art is not the sole province of the young. The true artist, over as long a career as may be, is constantly renewed through the renewal of the work itself, as it shifts and develops, returns to old themes and former preoccupations, and moves on again. We look to young artists, of course, for the freshness of emerging talent and precocious accomplishment; but even young Turner, young Titian, young Rembrandt, grew old.

Albert Irvin is now 76, and still painting with all the brio, scope and ambition of a young man. Last month he was elected to their number by the members of the Royal Academy, *cam laude* as it were – and not before time. The only wonder is that he has not been a member these 30 years past, for he has long been a loyal supporter of the Academy and its summer exhibition, serving in posts before it became fashionable among the bien-pensant avant-garde to do so. The truth is that, in this country at least, he has been largely ignored. He was 61 before a single work of his was acquired by the Tate, and for the 30 years before that had shown seldom and with little success except, to some extent, abroad.

The reasons for such neglect were, perhaps, his

virtues as a painter – an irrepressible ebullience of expression, an all-embracing expansiveness of gesture, a luxuriance of saturated colour in times when a certain cool, even puritanical restraint was more the order of the day. These are the virtues we celebrate in his latest exhibition at Gimpel Fils. He is still the abstract painter he ever was, broad and sweeping in the statement however large or small the canvas – and some are very large – as fluid on the surface, and as rich as ever in the colour, whether pitched high in key or low.

But a certain regularity of composition seems now to be creeping in, a formal play between sets of vertical and horizontal bars, sometimes overlaid – though, being Irvin, it is more a case of their being off-vertical and off-horizontal, like wonky

David Tindle is a mere 66, an RA of long-standing and distinction, but again somewhat taken-for-granted and not exactly over-represented in such places as the Tate – where his 1984 catalogue gave him one small still-life canvas and a print. For him the reasons, perhaps, are complementary – figurative rather than abstract, small in scale, modest subject-matter, quietist in mood, meticulous in the dry technique of tempera. His latest paintings, now at the Redfern Gallery, at once confirm and

confound such expectations. Scale and mood and subject-matter are still pretty much the same, and so too the technique, and yet the feel of it all is markedly different. The tempera seems more freshly-stained now, and rather less assertive an element and presence in the work. And that quietist mood seems to have grown more positive in its imaginative suggestibility – the sense of the empty room, the empty chair, the deserted garden outside the window.

The combinations of

dane objects of still-life now register more strongly ambiguous possibilities – the looking-glass, the bottle, the shells, the cigarette on its packet, the fallen rose, the hat, the egg, the hatter's dummy. Tindle has moved into that area between the symbolic and the metaphysical – we think of Knopff in the interior, and of the early still-lives of the *maîtres*, *de Chirico*, *Carra* and the young *Morelli*. Yet he remains entirely himself, as he too continues to move on, Stephen Cox, at 62, is the

youngster of the three, though but for all that, hardly a Young British Artist. He is a sculptor, pre-eminently a carver, and particularly drawn to the symbolic monumentality of the ancient and oriental traditions. But for the moment he has moved indoors, and turned from symbolic imagery to the still-life, in particular the pot. His, however, are marble pots set in one and two, in one case five, on marble bases, turned and lit to exploit the translucency of the stone.

They are intriguing things, small in themselves, self-consciously precious as much in the presentation as in the making, oddly incongruous and disconcerting – fragile yet massive, rough yet delicate, translucent yet manifestly solid, useful yet impractical. And they seem to take on from such contrariness something of a ritual character, as they might be small icons or weighty chalices for unknown ceremonies. Should they have been turned as thin as the porcelain to which they

aspire? Would that even be possible? Who are we to say? Cox, for once, is simply asking the questions. That, too, is a real development.

Albert Irvin – recent paintings: Gimpel Fils, 30 Davies Street, London W1, until January 16. David Tindle – landscape and still-life: The Redfern Gallery, 20 Cork Street, London W1, until January 14. Stephen Cox – small sculptures: Michael Rae-Williams Fine Art, 21 Cork Street, London W1, until January 23.



David Tindle's work has now moved into that area between the symbolic and the metaphysical: 'Window Rue Nante', 1991

## Brave critique of a shunned composer

David Murray reviews a rare production of Pfitzner's early opera 'Die Rose vom Liebesgarten'

The Opernhaus Zürich has done a brave and admirable thing, sparing no expense. They have revived what once seemed a major opera by Hans Pfitzner, *Die Rose vom Liebesgarten* ("The Rose from the Garden of Love"). With Decca's revival on CDs of so much *Entartete Kunst*, revealing so many adventurous German, Austrian and Czech operas that were vilified and banned by the Nazis, it is only fair that the ultra-conservative composer whom the Nazis endorsed (for a while) as the true upholder of *Deutsche Kunst* should get some new and thoughtful exposure.

Hilbert Pfitzner has survived through his unarguably "important" opera *Palestrina* (1917), without anybody much wanting to pursue him further. Like many another conservative German artist, Pfitzner accepted public plaudits and encomia from the Nazis whilst privately affecting

contempt for them. Yet he had become a sour, blinkered, reactionary long before the 1930s, and probably disdained Hitler because it was too modern, plebeian and vulgar.

If it is any consolation to somebody, his Munich house was bombed out during the war, and after the German surrender both Pfitzner and his music were unceremoniously shunned during his long wait for "de-Nazification". His last years (80 when he died in 1949) were spent in penury.

With *Die Rose* (1901) – only his second opera, long before *Palestrina* – Zürich has striven to do him new justice: albeit in a David Pountney production which doesn't conceal its distaste for Pfitzner's whole conception. Pountney has contrived a sensational staging with a new and different close, in Johan Engels' grandly looming sets, more like Lang's *Metropolis* than any neo-



The venturesome knight, Siegnot, attended by Minneleide and her handmaidens in David Pountney's new production for Opernhaus Zürich

Gothic fantasy. It is less an "interpretation" of the opera than a truculent critique of everything Pfitzner revered. The "story", really too airy-fairy to recount, takes the form of a pageant: a pre-Raphaelite ballet, or a "pantomime" in the old sense. The venturesome knight Siegnot, a lusty tenor –

Francisco Araiza in heroic form – happens upon a vernal celebration in the Garden of Love. Pountney makes that a party of top-hatted, decorous businessmen (some on high-rise skates and other bizarre devices), who pay grotesque obeisances to one another while ritually constructing a model city, pure Fascist

architecture; Hitler himself turns up to survey it. But after the long Prologue, Love takes its way in Act 1. Siegnot is now enamoured of Minneleide (Stephanie Friede, who tapped more and more strengths as she built her performance: terrific), a Zarichised maiden who yet fears the blinding light

of the real world. At a crucial moment she refuses to face it, which results in both her and her handmaidens, with Siegnot himself, being consigned to a rude mountain-world – here, the huge boiler-filled cellar of some factory – for Act 2. The "Night-Magician" reigns (bass splendour from Rolf

Haunstein), much like Wagner's Alberich over his army of dwarves. Suddenly the music, until now in Pfitzner's Romantic vein – mostly slow and ruminative, with lots of rich, wayward cello-counterpoints – goes strange, especially at the start and the finish: slow, short, even notes for flute and tuba in no tonality, "modern" in immediate effect but backed by no consistent plan or system. But interesting, certainly...

Nasty things happen to everybody: especially to Siegnot, who gets killed. In Act 3, back in the *Liebesgarten*, Pountney refuses to have his miraculously revived as in the text. Instead he remains irretrievably dead while Minneleide discovers a miraculous new freedom, presumably feminist, guided by the voiceless Stone-Maiden (Dana Kimaru) who dances prettily around her.

The conductor Franz Welser-Möst lets us hear why Pfitzner's score could have seemed a cornucopia of warm Romantic invention and arresting Modernist ideas, way back then. Now, I think, the "modernism" sounds gummy and intuitive, alternating with lush, heartfelt stuff from a composer whose heart was always in the 19th century. James Grin's libretto is unpalatably queer. After the first half (an hour and three-quarters), some of the audience went home; the Zürichers who stayed the course, however, applauded a grand effort very warmly.

*Die Rose vom Liebesgarten* continues in the Zürich repertory until January 16.

### Television/Christopher Dunkley

## Serial opera gets the nod

This evening BBC3 screens the fifth and final episode of *L'inconnu de Poppo*, or *Poppo* as they have been calling it. As in the previous episodes over the last four evenings, there is plenty to look at. One of the sets is a dazzling geometric design in black and white, worthy of Bridget Riley. The rest of the sets, and many of the costumes, are in vivid primary colours: sunshiny yellow, royal blue, grass green. There are two chaps in drag: Arnalia because, well that is just the way he is, with his large bosom and bald head he has a very striking appearance; and Poppo's original lover, Ottone, because he has pinched Arnalia's clothes in order to try to get close to the emperor, Nero, and kill him. The trouble is that Nero, having had a steamy affair with Poppo, is now proposing to ditch his wife and marry her.

In other words, it is a pretty typical bit of television serial drama, and that is precisely the way that producer Fiona Morris and director Margaret Williams have treated the Welsh National Opera production of Monteverdi's final work. And have they pulled it off? So far as it is possible, I think they have. The

are with the televising of any opera. There are three ways you can go. First, you can take the cameras to the opera house and point them at a normal performance. For viewers at home this can result in very small figures basking about in the murk because, unless you light the opera house specially, the candlepower will be too low for television, and the staging will force you to remain in long shot much of the time, producing figures which look minute on the small screen.

Then you can bring the opera company into a studio, or a hired theatre, and shoot an existing version, but specially arranged for television, allowing you to exploit close-ups, and groupings quite different from anything on a theatre stage. That is what Morris did for *Poppo*. She hired the Lyceum in London and Williams achieved some remarkable effects, even though, for much of the time, the only prop was a sofa. Finally

create the opera from scratch, using all the techniques made possible by electronic cameras – mixes, dissolves, morphing, whatever. One of the most memorable examples was Jean-Pierre Ponnelle's *Madama Butterfly*, but it is significant that that was made more than 20 years ago. The technique is hideously expensive, and you still get minority audiences.

*Poppo* poses even bigger problems than usual being nearly as old as a Shakespeare play. Premiered in Venice in 1642, it represents a staging post between the old all-rectitative court entertainments, and the fully melodic modern opera. Nobody is going to switch on Monteverdi for his wonderful, hummable tunes as they might for Puccini or Verdi. So the television producer who wants anything bigger than the established opera-going audience (which, by television standards, is tiny) has to work like steam on details other than the music. Thus, *Poppo* has been in

production. For instance, if a woman has really wanted a man to notice what she is saying, the standard technique has been to shove him back on a sofa, hoick her skirt up to waist level, and get astride him. It certainly seems to work.

Next month Channel 4 will screen *The Real Don Giovanni*, a production which pushes the principle even further. Producer Paul Sommers says "It's clear that anything to do with opera is a ratings disaster on television", so he and writer/director Rupert Edwards have created a bizarre concoction involving operatic performance, television documentary, and television melodrama. Thomas Allen sings some of the most famous parts of the Mozart opera, supposedly during a performance in Prague, but also "investigates" the connections between Don Giovanni and Casanova, and becomes personally involved in a nasty

ing to see whether the drama and documentary content do pull in a larger audience, or whether the Mozart content limits figures to the usual low rating expected for opera.

At least people are now trying. All too often in the past, television has fallen back on the use of one famous opera singer, frequently delivering "crossover" material. On Christmas day Channel 5 brought us Bryn Terfel singing "If I Were a Rich Man" and "If I Were a Rich Man". This was just the sort of material which also featured alongside famous operatic arias in BBC's recent series *Lestey Garrett Tonight*. It came as no surprise to find Garrett singing "Three Little Girls from School" with actress Patricia Hodge and drag queen Lily Savage (who now appears to have a contract requiring appearances on all programmes other than the *Nine O'Clock News* and *The Sky At Night*).

Opera gets no easier for television. The only place you can now regularly watch conventionally screened productions is the valiant Performance channel, and that is available only to cable subscribers. So we should raise a cheer when any terrestrial network tries any-

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## ARTS

# Duke who was the king of jazz

Garry Booth looks forward to celebrating the centennial of the birth of the elusive, urbane genius of modern music

"Lights," he said, groping in his back pocket for something to write on. Harry reached forward and clicked on the interior light, filling the car with a pale glow that made the night and the road seem even darker than before. Duke leaned along the dashboard for a pen and jotted a few things in the borders of a curling menu. He had written more hours of music than any other American and most of it began like this, scribbled on anything that came to hand: serviettes, envelopes, postcards, cardboard ripped from cereal packets. His sheet music started out like that and that was also how it ended: up, original scores wound up in the bin as mayo-and-tomato smeared sandwich wrappers after a couple of rehearsals, the essentials of the music handed over to the safekeeping of the band's collective memory. From "But Beautiful," by Geoff Dyer.

Even when the band was re-running Ellington standards for the 100th time, no take would be the same

Jazz in 1999 will be dominated by the centennial celebrations of bandleader, composer and pianist, Duke Ellington, who was born on April 29 1899 and died on May 24 1974. There is so much to celebrate - few figures in jazz have left such an indelible print on the music. Not only was Edward Kennedy Ellington responsible for enduring popular jazz tunes like "Take The 'A' Train", his sophisticated use of tone colours, and a constant striving for symphonic quality in extended pieces, make him an icon of 20th-century music.

Ellington was a one-off. As a composer, he emphasised harmony and tone colour over rhythmic drive. Even his song titles read like a catalogue of modern

his footsteps echoing away," he once said.

Ellington often relied on his sidemen for inspiration and would use fragments of spontaneous improvisation from soloists such as the heroic altoist Johnny Hodges or trumpeter Cootie Williams as the seed of a new composition. Some of his most memorable pieces - "Lush Life", "Chelsea Bridge" - were written alongside Billy "Sweet Pea" Strayhorn, who toiled in the background from 1939 until his death in 1967.

It says much about the man that maintaining a 15-piece orchestra added to the creative process rather than detracted from it. Ellington's orchestra was not so commercial as the Dor-

sees' and Shaw's; and, unlike many of his swing band leading peers, he was not an autocratic disciplinarian. He rarely changed his line-up, and, as a result, could subtly intimate musical direction from his place at the keyboard. Even when the band was re-running Ellington standards for the 100th time, no take would be the same. "It's one thing for a soloist to improvise differently every night, and quite another for a leader to tinker incessantly with proven arrangements," the jazz writer Gary Giddins pointed out. Sheer quantum restlessness, creative energy also set Ellington apart from his peers. He was rarely off the road, and yet wrote continuously: he pushed back the barriers of jazz composition from the passenger seat of the Imperial driven by long-serving saxophonist, Harry Carney.

He developed the jungle style, a daring exoticism characterised by the growling trumpet of Buster Miller, playing the Cotton Club of the late 1920s. With "Creole Love Call" around the same time, he pioneered the use of the voice as an instrument with Adelaide Hall.

After the pastiche of "jungle", he was the first bandleader to incorporate genuine Afro-Latin influences in his repertoire, starting with "Caravan", an example of proto-Cuban jazz taken from his trombonist Juan Tizol. Later, far-ranging tours provided the stimulus for great works, such as "The Far East Suite" written in the 1950s or the "Liberian Suite" commissioned by the state for its centennial celebrations.

Ellington painted on every size of canvas and in every shade. His



Bandleader, composer and pianist of constant reinvention Duke Ellington

idea of writing "concertos" for soloists was quickly picked up by other orchestrators. "Black, Brown & Beige", his commentary on the progress of black people in the US, was a revolutionary attempt at jazz in extended form. In this and other longer works, Ellington succeeded in keeping a jazz feel to closely written music.

His artistic reach, in jazz terms at least, was breathtaking: from the rhapsodic "Tone Parallel To Harlem", via the oratorio "A

Drum Is A Woman" to the European sounding Shakespearean suite, "Such Sweet Thunder".

Even without touching on his numerous intoxicating blues variations or his small group canon of work, anyone planning a centennial celebration has a bewilderingly vast legacy to pick from.

Both big London halls are pushing the boat out. The South Bank Centre's *We Love You* project at the end of April

promises Ellington on film, various concerts and pianist Stan Tracey who, with his magnificent big band featuring saxophonists John Surman and Peter King, will take a characteristically skewed look at the Duke's music. Trumpet virtuoso Wynton Marsalis and opera diva Jessye Norman will pay their tributes to Ellington at the Barbican in June. Marsalis and the Lincoln Center Jazz Orchestra kick off with what is likely to be a selec-

tion from Ellington's Cotton Club era, while Jessye Norman completes the picture of Ellington as a fully rounded composer with a selection from his "Sacred Concerts".

The anniversary has stimulated some intriguing shows elsewhere in Europe: the cult French pianist Martial Solal has been teased out of hiding by the Teatro Metastasio in Prato, Italy to play solo Ellington in February, and US saxophonist David Murray takes a mighty brass orchestra on a tour of Europe to play darker, more obscure ducal works. Ellington heard through Murray's turbulent arrangements promises to be one of the highlights of the festival season. The band's itinerary is not confirmed, but rumours persist that Brecon Jazz in Wales and Jazz à Marciac in the South of France, both in mid-August, are pencilled in.

Cleveland's January Tri-C jazz fest hosts one of the richest Ellington oriented programmes in the US. *Everything Ellington* covers all aspects of the man's art from film to painting, with musical highlights involving original Ellington personnel, including the Duke's favourite drummer Louie Bellson and Count Basie singer Joe Williams.

But the diehards should head for Washington, Ellington's birthplace, and *Ellington @ the Seventeenth International Duke Ellington Conference* at the end of April. As well as an orgy of discourse and live performance in the Library of Congress and Washington National Cathedral, for example, delegates can take a bus tour of Ellington's roots and according to the official programme, come home with a limited edition bust of the great man in bronze or ivory.

Ellington insiders are likely to view the commemorative preparations with trepidation. Unlike the popular composers of jazz's golden era - Porter, Gershwin, Rodgers - whose music now seems designed to be reinterpreted, Ellington's constant reinvention presents arrangers and improvisers with a problem: how to accurately pin down the elusive, urbane genius of modern music?

## The human face of architecture

Sir Norman Foster talks to Victoria Griffiths about his award-winning approach to public spaces and buildings

As beautiful as his steel-and-glass creations are, Sir Norman Foster isn't known for warm architecture. So it came as a surprise to many when Harvard University recently honoured the British architect with its annual Award for Urban Design, and praised him for his humanistic approach and contextual skill.

When we think of great public spaces, historic ones often come to mind - the great piazzas of Italy, or, on a far smaller scale, the old "main streets" of American villages. US designers who call themselves "new urbanists" have tried to recreate this sort of space in places such as Seaside in Florida, where nostalgic houses surround a traditional town green.

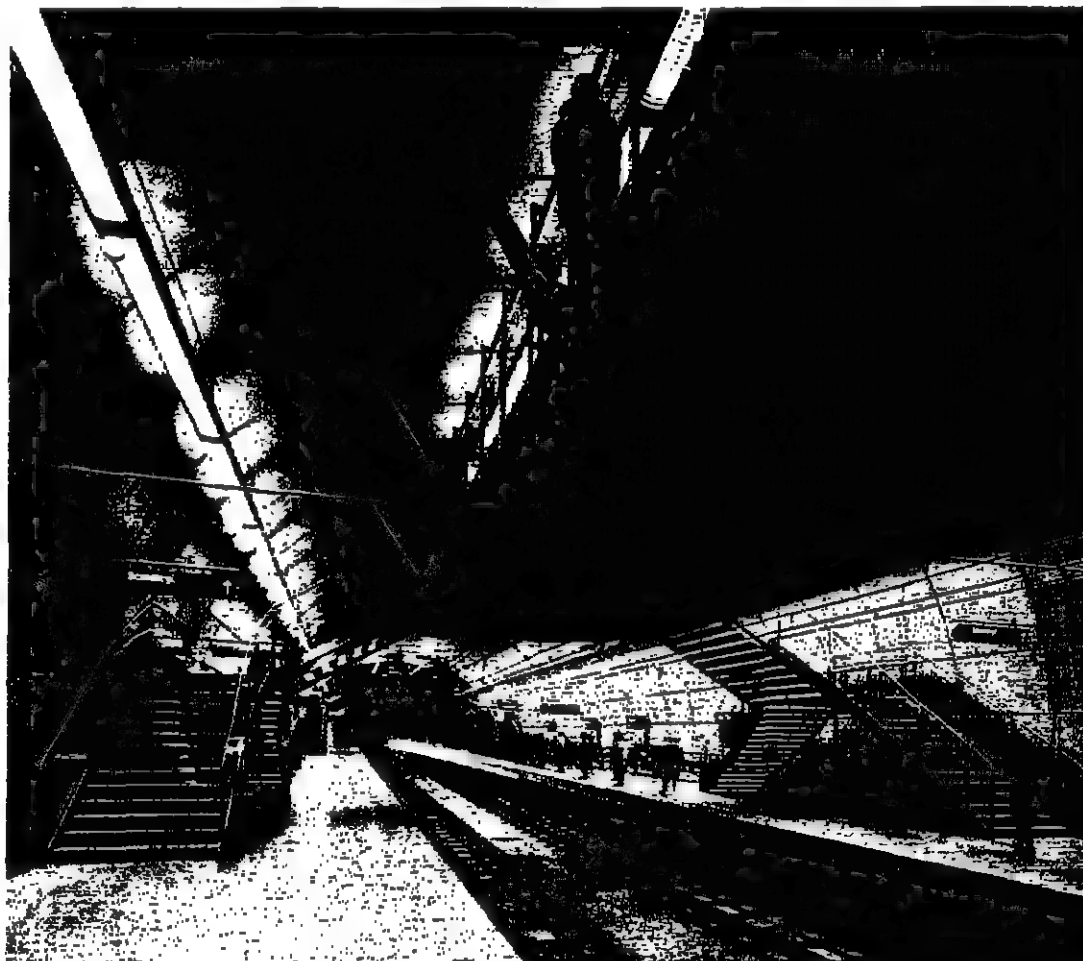
Foster's skill in high technology design may have obscured, until now, a fresh and creative way of approaching urban problems. "Perhaps Foster's urbanistic performance has remained unacknowledged because of its modernity," says Rodolfo Machado, a Harvard professor who served on the jury.

In handing Foster the award, the Harvard jury is saying that modernism and urbanism can go hand-in-

hand. Machado, in fact, sharply criticises the "faux modernism" the studied disorder or condescending warmth one usually finds in those public places whose designers set out to produce a more "humane" environment.

It is one thing to look down upon the nostalgia of new urbanism in the US; it is another, however, to view Foster's buildings as edifices that strive to blend in with the existing city. Foster's buildings don't appear to want to fit in. If anything, they seem to treat their surroundings with a refreshing disregard. The very height of his Hong Kong Bank skyscraper in Hong Kong, the Commerce Bank tower in Frankfurt, and the communication tower in Barcelona call attention to themselves; their glass facades seem an advertisement for functionalism.

Yet Foster says the clean slickness of his work belies his desire to track down historical references and respect the existing city. When asked to re-design parts of the British Museum in London, for instance, Foster discovered that the original design included an old courtyard that had been



"I see myself as interpreting needs, and one need is humanism": Sir Norman Foster, right, with his award-winning subway station in Bilbao

filled in with a library in 1780. In the new British Museum, Foster has re-inserted the courtyard - though, this time covered with a steel and glass canopy - and calls it a great public space that will be open outside regular visiting hours.

Similarly, in the Reichstag in Berlin, Foster meticulously peeled away the layers of the building in an attempt to find its soul. The Reichstag had been badly damaged during the war, so while the facade remained in place, the interior was essentially a 1960s building. "But

as we took down that fabric, we began to understand its memory," says Foster.

Recreating history for history's sake alone does not appeal to Foster, however. It was tempting, he explains, to include in plans for the new Reichstag a dome, similar to the one that had stood at the site in the 19th century. But "the dome was the vessel of symbolism of the Kaiser's authority," instead, Foster opted for a viewing platform for the public above the parliamentary chamber - symbolic, he explains, of the people's power over the politicians working below.

Foster's well-known concern for "green" buildings that use natural light and renewable energy resources are inspired by what he calls a profound concern for human spirituality. "I see myself as interpreting needs," says Foster. "But one need is humanism. Letting sunlight come into an airport is not mechanistic; it's humanistic."

Foster is keenly interested in human behaviour and the way people interact in public spaces. In studying a new plan for central London to make it more pedestrian-friendly, Foster followed

people out of the Trafalgar Square tube station to see where they ended up. He noticed that while many were tourists buying food for the pigeons, others were in a hurry to get to work. And the reason tourists were darting illegally into traffic to reach the centre of Trafalgar square, he found, was because from that spot they could obtain a picture postcard shot of London.

Foster is keen to accommodate the quirkiness of human behaviour while trying to make it more orderly. So people want to take pictures? Let them, he says, but

build pedestrian access so they can do it without risking their lives - and resident Londoners can still get about their business.

Foster loves throwing people of different backgrounds together in public spaces, which is why so many of his projects - even the most private, such as the Commerce Bank in Frankfurt - include free access to cafés, information booths, exhibits and displays.

It is, perhaps, Foster's lack of elitism that makes him a great urbanist. His glass structures are not meant to close off, but to open up; his

skyscrapers not designed to block out the sun to those on the street, but to let it reach workers inside.

While he defends the urban validity of his own work, he admits that compared with the great challenges of huge urban centres in developing countries - some of which include slums with populations of millions - his own efforts change little. "No one person can address spiritual and physical poverty around the world, but we can all do our best in our own way," he says. "That is what I'm trying to do."

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Cinema for people who don't like cinema? TIME OUT

Sir Edward Heath marked the season of good will with a wobbly on Radio 4. Asked on *Today* why he had not pleaded the cause of China's dissidents with the fervour he devoted to persuading Beijing to grant access to Richard Branson's balloon, the elder statesman, possibly piqued at being referred to as "Sir Richard Heath" by a newsreader the day before, said thank you and goodbye (or the equivalent) and hung up.

The event was as relevant to Christmas as most of the airwaves' festive offerings, many of which reached your critic through the dreamily distorting filter of knock-out flu. In retrospect the faintly surreal element to holiday broadcasting started with the headline bombs aimed at Israel from diehard Palestinians in the Lebanon. In

hard to hear some reference to the raid being in retaliation for Israeli bombs killing a woman and six of her children, an item considered patently un-headline-worthy. Worthier, but still disturbing, was Gillian Slovo's contribution to *Music to Die For* (Radio 3, Christmas Eve).

She spoke movingly of her father arriving in South Africa as a penniless Lithuanian immigrant of her parents' campaign against Apartheid; her mother's death by letter-bomb; her father's exile and triumphant return. And the music that summed up her theme? Carl Orff's *Carmina Burana*, that rollicking old stick-it-

still under its Nazi-era cloud. But the series' idea is a good one. I am less sure of the mileage in *Music Rooms*. Natalie Wheen does a Loyd Grossman, describing - well, a music room. On Christmas Eve she called it a music room several times, on one wildly eloquent occasion even expanding into "a room for music". Another favourite Wheen word is "detritus", rather oddly, since it makes the place sound like a rubbish-heap. She talks to the unnamed owner and the listener guesses who our host is. The distinguished musician concerned had a wall devoted to Paganini - sketches, flyers, posters, photographs, memorabilia

lected over 50 years. "Is it because you're interested in Paganini?" asked Wheen. Lord Menuhin (for it was he) concurred with the restraint of a peer and a gentleman.

**F**ront Row got off to a glumly incestuous survey of the old year's arts scene. The programme consisted of electronic mediafolk talking about the electronic media (film censorship, Jeremy Paxman, film directors). A Spice Girl said she liked really really bright colours. Another liked a Spielberg film of whose title she was unsure. On *Desert Island Discs* Sue Lawley and David Attenborough remastered

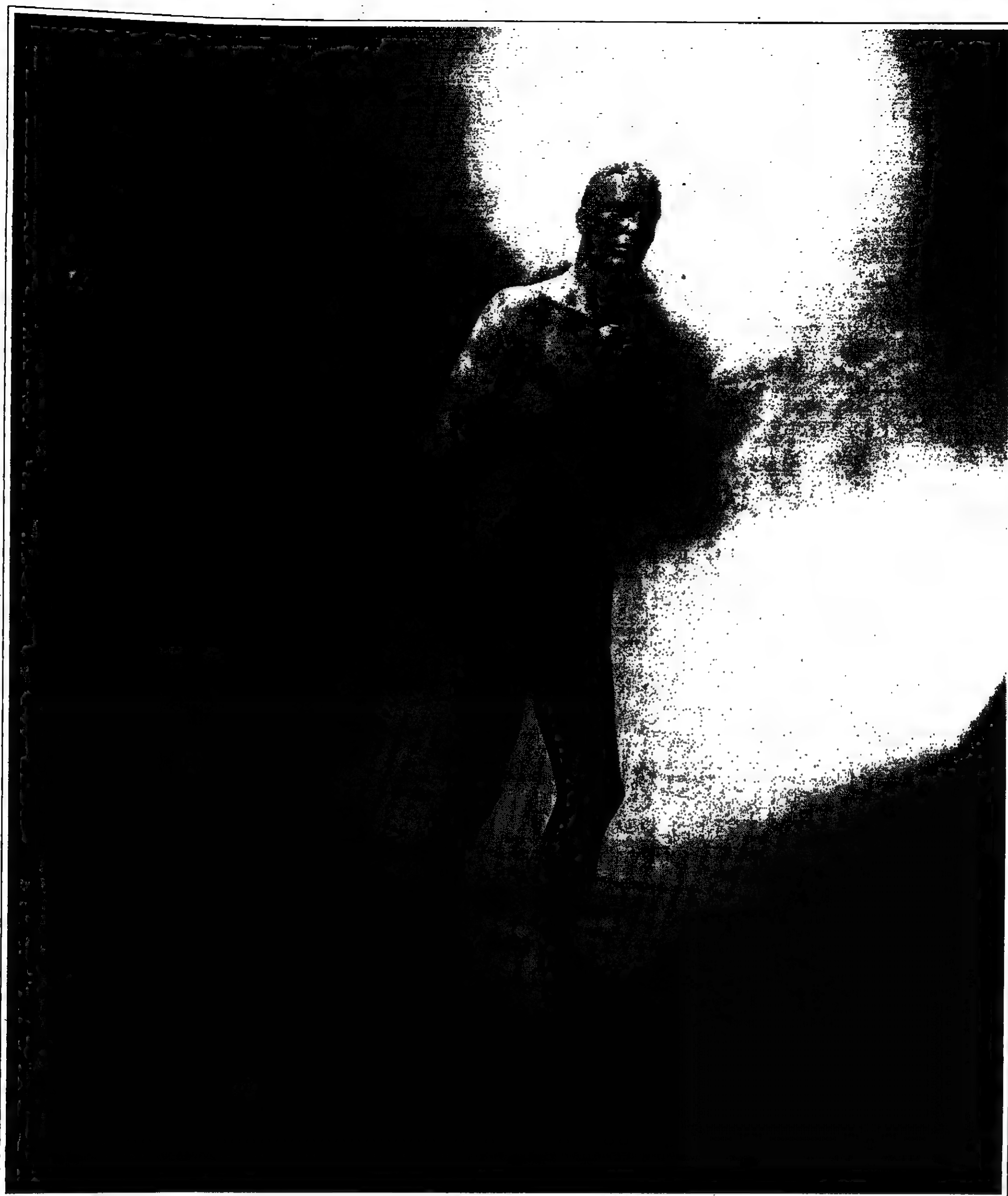
the schoolboy howler that *malizia* is Italian for malice when talking of a piece by Walton marked *con malizia*. It means of course "mischievous", something the composer was an expert in, especially with the not over-informed British establishment. How sardonic he would wax today.

Of the specifically Yuletide offerings, Radio 4's *Christmas Panto* on the day itself was pretty awful. Jokes against Radio 5 Live sound singularly ill-advised coming from this quarter, though the script got into its stride with "slimy cold-blooded lizards" called Birt and Yentob. Poor Maureen Lipman worked like a trawler hit it

wasn't worth the effort. Radio 3's *Private Passions* tried to repeat the success of the 112-year-old percussionist recalling Brahms and Clara Schumann in between racing tips. That, it transpired, was John Sessions in a jape with Michael Berkeley. Boxing Day's interview was with a Latin-American beauty, widow of a titled British diplomat (among others), with a distressing nasal condition, contacts in Colombia and an obsession with white powder. This, like the basic joke, was laid on with a trowel. Sessions was in one of his not-bothering moods, not even pretending to sound like anyone except John Sessions (too much of his TV show *Stella Street* has proved as boring for him as, ultimately, for us), and the jest fell flat between every possible stool, ending up in the detritus as Natalie Wheen would say.

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# How to Spend It

## I never wanted to do anything else

Lucia van der Post marks her retirement with recollections from almost three decades at the FT

Since the early 1970s I have had the great privilege and pleasure of editing and (mostly) writing these pages but this is the last time I will fill this particular slot.

It has been a fantastic experience, a time during which the Financial Times has grown from being virtually an insider's paper for the financial and business world into an international newspaper which stretches around the world.

I started writing and editing what was then a single page in the Saturday edition of the Financial Times. Today How to Spend It and fashion are part of a separate Weekend Section, always embracing at least two pages. Every month there is the colour magazine, launched with much trepidation on a wing and a prayer four years ago and now a regular winner of awards and an established part of the Weekend FT package.

I arrived at the FT knowing little about business and even

less about money and found to my astonishment there was as much drama in boardrooms as on any theatrical stage. I have seen battle lines drawn, blood spilt, victory celebrations held and losers licking their wounds.

Over the years I have had the opportunity to interview many great entrepreneurs and businessmen - ranging from LVMH's Bernard Arnault and Johan Rupert, the South African media baron, to the restaurateur Sir Terence Conran and Lord Stone of Blackheath, a pillar of Marks and Spencer.

I have interviewed some of the world's most successful clothes designers - Giorgio Armani, Versace, Calvin Klein, Karl Lagerfeld, and many, many more. I have seen them turn from makers of frocks into the modern

equivalent of renaissance princes with their multiple homes, their palazzi, yachts and private jets.

I have seen small companies grow from a glint in some entrepreneur's eye into great international conglomerates and helped some a little on their way. I have seen companies that were almost down and out - most spectacularly Gucci - reinvent themselves and rise brilliantly from the ashes.

More sadly, I have watched helplessly as others have staggered remorselessly from great heights to pitiful lows, unable to find the key to raising themselves up again. I have had more fine lunches and dinners than has been good for the waistline and seen more places than I ever dreamed I might.

But in some ways it has been



Van der Post: 'It has never been dull'

the smaller people I have valued most - the craftspeople, artists and designers who work for

what to most of us would seem a pitance, scarcely ever costing their time. Ignorant of smart accounting ways, seemingly content to make something as well and as beautifully as they knew how.

I have loved seeing energetic young people turn a bright idea into a successful company. It was fun trying to be the first to spot them and bring them to your notice - people such as Jo Malone, now a name to conjure with in the world of lotions and potions, and Christian Rucker, founder of the White Company, and Dawna Walter who had the bright idea of trying to solve the world's storage problems. All these - just a few among many - were once new and struggling and now have a solid niche of their own.

One of the greatest pleasures has been the dialogue with you, the reader, the letters you have written from great city centres and from the most remote and lonely places.

There was the memorable time, in the early 1980s, when a reader suggested we change the title of How to Spend It (he found it not to his taste) and you wrote in your hundreds, ready to defend it to the end. As one reader put it so pithily: "Those who prefer to save it are only saving it in order to have more to spend in the end. At least it's honest."

There were the African safari groups I planned and led - what a pleasure they were. So many of you wanted to come we had to devise complicated schemes to allow would-be safari goers from

Hong Kong and Ulan Bator to stand as good a chance of coming along as those from EC1.

With the lucky readers we wandered the remote desert lands of the Kalahari, saw bushmen paintings in the Tsodilo Hills, the chimps in the Mahale Mountains, the rare water cobra writhing in the waters of Lake Tanganyika, tracked rhino in Zimbabwe, elephants in Tsavo, and walked long days along the Galana river.

As you will have gathered, it has never been dull. At times it has been scarily hard work (yes, truly) but there was not a moment when I wanted to do anything else.

I will not be disappearing from the Financial Times completely - you will see my name and writing from time to time. But from next week Holly Finn, with whose writing some will already be familiar, will be in charge of these pages. I wish her as happy a time as I have had and hope she manages to have as much fun.

## Boom time for the therapies that soothe

Karen Wheeler surveys complementary treatments commended by beauty editors

Complementary therapies are booming. From reiki and reflexology to more rarefied treatments such as rolfing and zero-balancing, many of us are turning to these to cure stress, aches and other maladies.

Beauty and health writers are among the strongest advocates, believing the treatments can ease specific complaints or enhance general well-being. Having tried many treatments as part of their work, they know the best therapists.

"Many of these therapies are now almost mainstream," says Newby Hands, health and beauty director of Harpers & Queen. "But some are more credible than others and I would say, 'Forget the wackier ones, such as aura message as they are a complete waste of money.'"

Whether you want to improve your posture through Alexander Technique or boost your health by better diet, here are the therapies and therapists industry insiders swear by.

■ **Reflexology:** Virginia Whetter at the Life Centre,

15 Edge Street, London W8. Tel: 0171-231 4802. A one-hour session costs £40. Home and hospital visits by special arrangement.

Among health and beauty writers, reflexology is probably the most popular of all the alternative therapies. It is said to help combat stress, constipation, headaches, nausea, and repetitive strain injury and is also good for multiple sclerosis sufferers since it stimulates nerve endings.

"People love having their feet touched and I am a strong believer that happy feet make for a happy person," says Josephine Fairley, beauty editor of the Mail on Sunday. "Of all the therapies that I have this is the one that has the most beneficial effects."

Virginia Whetter took up reflexology full-time six years ago after it cured her own sinus problems. She is highly rated by Carmel Allen, beauty editor of Vogue; health writer Sarah Stacy; and Newby Hands, who says "she gets very involved with her clients and she has a very gentle touch".

Wetter's diagnosis is usu-

ally "spookily accurate", according to one beauty writer.

Honourable mention: Delta Street at Michaeljohn (tel: 0171-639 6969) who has a "strong but gentle presence", according to Newby Hands.

■ **Alexander Technique:** Noel Kingsley, 21 Harcourt House, 19 Cavendish Square, London W1. Tel: 0171-481 3605. A 40-minute session costs £30.

Alexander Technique is one of the most highly rated of all complementary therapies. It can help improve posture co-ordination and performance. It is based on the concept that if you free up the neck, the rest of your body and mind will follow.

You remain fully clothed while the practitioner gently manipulates head and neck and teaches you a practical method to improve posture and body alignment. You feel lighter, looser, more agile as well as more centred and confident after a session. It is particularly good for back pain, neck and shoulder tension, breathing disorders and stress.

Noel Kingsley is highly rated for his unique approach, which sometimes incorporates elements of reiki and hands-on healing to help improve emotional balance. His clients include actors, musicians and business people as well as journalists and beauty writers.

■ **Nutritionist:** Anthony Haynes, 89 Brynston Court, George Street, London W1. Tel: 0171-723 3788. The first consultation costs £70; £42 for the follow-up. Jane Clarke, 29-30 Frith Street, London W1. Tel: 0171-437 3767. The initial one-hour consultation is £90; follow-up half-hour consultations £45.

The health and beauty fraternity believe that what you put in your mouth has a big impact on your well-being; and many regard consulting a nutritionist regularly as an important part of preventative health care. Opinion on who is the best practitioner is split between Haynes and Clarke.

Josephine Fairley's vote goes to Jane Clarke, whom she considers "very down-to-earth and extremely realistic".

Anthony Haynes is also very highly regarded. "Anthony is very knowledgeable but down to earth and he uses all methods of diagnosis from iridology to testing the levels of stress hormones in your body," says Karen Callen, health and beauty director of Red.

A youthful 33-year-old, Haynes is quick to build rapport with his clients. Eighty per cent of those who



In business to help you lower your stress levels: reiki practitioner Stewart Ivory (left) and nutritionist Anthony Haynes

consult him have digestive troubles. Lack of energy is the second most common problem.

Honourable mentions: Patrick Holford (tel: 0181-877 9993) is "very jolly and bouncy and particularly good with youngsters," according to Sarah Stacy. Newby Hands rates the Institute of Optimum Nutrition (tel: 0181-877 9993), which charges £50 for an initial consultation, and £30 for the follow-up.

■ **Rolfing:** Jennie Crewdon, c/o Rolfing UK, PO Box 14793, London SW1. Tel: 0171-834 1493. A 90-minute session costs £60. Judith Roberts at Violet Hill Studios, 6 Violet Hill, London NW8. Tel: 0171-381 8324/8321. A one-hour session costs £75.

Rolfing is a form of deep massage that realigns the soft, connective tissues supporting the muscles and bone. "It is quite simply a brilliant therapy since it works at a very deep level and brings noticeable results," says Newby Hands.

Rolfing not only irons out the knots in tense necks and shoulders but can free the body of emotional blocks. There are only eight full-time rollers in the UK so appointments are at a premium. The most highly regarded in the UK is Jennie Crewdon, who works from her tiny Pimlico flat and has a two-month waiting list. "Jennie completely changed my back, breathing and posture. She got rid of lots of nagging aches and redressed 13 years of ballet," says Newby Hands.

Many rollers work in conjunction with a psychologist: 30 per cent of Crewdon's clients want to resolve emotional issues. The remainder are seeking to alleviate pains in the shoulders, neck or back or improve posture.

Judith Roberts, meanwhile, claims amazing results, including a famous pianist who regained the use of his right hand (damaged by repetitive strain injury). Roberts' treatment is reput-

ation: Song Ke, 10 Harley Street, London W1. Tel: 0171-487 8300. The initial consultation costs £55; follow-up consultations £25. Acupuncture costs £40; Chinese herbs, if prescribed, cost £40-£50.

Many health and beauty writers swear by Chinese medicine and in particular Song Ke, who is also affiliated to the Brackenbury Natural Health Centre in west London. He looks more like a conventional doctor, and many people are reassured to find he is fully qualified in western medicine (and counts several consultant physicians among his clients).

"Dr Ke is very knowledgeable and can rationalise rather opaque theories about rebalancing the system using acupuncture. For example," says Sarah Barclay, beauty editor of Woman's Journal.

At a consultation Ke takes a background medical history, asks questions about

your diet and may also do a tongue diagnosis. He can tell a huge amount simply by looking at your eyes and skin. "I can tell instantly if somebody has too many toxins in their blood."

■ **Zero-balancing:** Jeff Lennard at Natureworks, 16 Balderton Street, London W1. Tel: 0171-355 4036. A one-hour session costs £35.

This is a simple yet powerful hands-on treatment designed to balance body energy and structure. Invented in 1975 by an American physician, Fritz Smith, zero-balancing has been described as "therapy without the undressing".

It is an unusual form of massage involving finger pressure and held stretches, done with the client lying fully clothed on a couch. It makes no claim to cure serious disease but, according to practitioner Jeff Lennard, "the name causes problems because it sounds a bit new agey". (It came about after a

session where somebody declared: "I feel really balanced; I feel zero-balanced.")

Like Alexander Technique, it can improve physical and mental function as well as promoting feelings of well-being and optimism. "It is a bit like the feeling you get when you have cleaned up a room or organised things in a clearer way. You feel more grounded and more centred," says Lennard, highly rated by Karen Callen and several other health and beauty writers.

■ **Reiki:** Stewart Ivory, 78 Wigmore Street, London W1. Tel: 0974-653213. A one-hour session costs £45.

Reiki, a Japanese therapy involving energy transfer through the hands, is said to treat mind, body and soul and is good for insomnia and stress as well as complaints such as irritable bowel syndrome and migraines.

Stewart Ivory - who works barefoot wearing a toe-ring but is in fact quite

down to earth - is the beauty editors' choice. "Stewart is very powerful and has real healing abilities," says Newby Hands.

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He then works down the body, his hands lingering over an area where he has found a problem. The touch is minimal, gentle and soothing and promotes a state of profound relaxation to a background of flute music.

Honourable mention: Kundan Mehta at the Eastern Health And Beauty Centre. Tel: 0171-607 3331. A one-hour session costs £35.

Kundan Mehta provides uncannily precise diagnosis. "She told me I had a knee problem and suffered from migraines - both were absolutely accurate," says one beauty editor.

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## HOW TO SPEND IT



From left:  
 Champagne silk pyjamas, £26, from Austin Reed, Regent Street, London W1 (stockists 0800 585 479).  
 (Seated facing left) White silk pyjamas, £280, from The White House, 40-41 Conduit Street, London W1 (0171-629 3021).  
 (Seated facing right) Burgundy crêpe and silk pyjamas, £211, by Melizia from Sculpture, 23 Brook Street, London W1 (0171-481 0503).  
 Red linen kaizer-shamees, £130, from Egg, 36 Kinnerton Street, London SW1 (0171-235 9315).  
 Pale blue patterned and edged linen pyjamas by Jenny Bolton for Browns, £145, Browns, 23-27 South Molton Street, London W1 (0171-481 7833).  
 Placchio linen pyjamas, £105, from General Trading Company, 144 Sloane Street, London SW1 (0171-730 0411).

Drawings by Margaret Hardy

Fashion

## To sleep – perchance to vamp

'Pyjamas are now by far the smartest form of negligée.' So said Vogue in 1924. Brenda Polan can only agree

**P**yjamas come in two kinds: cosy and cool. Cosy is striped flannel, wincesette or Viscella. It is brisk, practical and no-nonsense. It goes with bedsocks and balding chenille dressing gowns, coxae and a good book. It is gutsy, wrong-righting, hockey-stick-wielding, dorm-feasting Angela Brazil heroines who grow up to ride to hounds, breed labradors, chair the bench and run the Women's Institute.

Cosy is not, however, unattractive. As Claudette Colbert first showed us in *It Happened One Night* in the 1930s, when the plot propelled her into Clark Gable's well-pressed and chappish jimjams, it can also be cute – but only, perhaps, in full make-up and soft focus. Cool pyjamas, on the other hand, are never cute. (It is necessary to make clear that we are excluding aberrations such as the 1920s all-in-one sleep suits and 1960s baby dolls from the category, pyjama.) Cool is silk satin, georgette or crêpe de Chine. It is sensuous, languorous and possibly up for non-sense. It goes with spike-heeled mules, tailored cashmere dressing gowns and champagne night-caps for two. It is what the more dan-

gerous romantic heroine wears to bedazzle any passing male with irresistible thoughts of bedtime.

It is Greta Garbo, who wears hers under a satin dressing gown cut like her signature trench coat. It is Bette Davis in *Now, Voyager*, a cigarette (lit by Paul Henreid in that so seductive two-at-once way) emphasising every gesture of her carmined fingertips. It is Joan Crawford, who rather gave the game away by wearing shoulder pads in hers. For, of course, the appeal of cool pyjamas is much the same – possibly more so – as that of trousers: cross-dressing.

So, most of all, cool pyjamas are Marlene Dietrich. Famously, and for comfort's sake, she always changed into oversized satin pyjamas as soon as her front door closed behind her. More important, however, from the moment in the late 1920s when, exploring the cabaret scene in Berlin, she decided that only transvestites knew how to flaunt a garter, she made the gender confusion and sexual provocation inherent in cross-dressing her passport to stardom. Although bisexual, Dietrich's decision to wear trousers, especially a tuxedo, whenever possible, had much to do with the fact

that she had superb legs. Almost single-handedly, she moved the moviegoer's enormous zone of choice from the cleavage downwards. A bifurcated rather garment always concentrates attention on the join – one reason why mothers and moralists through the centuries and in more cultures than not have insisted on capacious skirts for women.

But not in all cultures by any means. Pyjamas came to western dress by way of India and Persia, where loose trousers and tunic were worn by both sexes. Victorian imperialists (mostly male though some women did wear them) imported the habit of wearing them to sleep in around the 1870s, and although pyjamas grew steadily in popularity over the next few decades, they did not really challenge the nightshirt until the 1920s.

In the aftermath of the first world war, a new softness entered the male wardrobe: knitwear became smart, collars went floppy, neckties flamboyant and trousers baggy. It became acceptable for men to wear pyjamas outside the bedroom – for "lounging" in, indeed. This was, quite obviously, a style women could steal.

"Pyjamas," declared Vogue in 1924, "are now by far the smartest form of negligée." One can only guess at the pulp-thumping this inspired, but in 1928 Vogue

**Greta Garbo wore hers under a satin dressing gown cut like her signature trench coat**

grumpily snuck to its guns. "Vogue is not over-emphasising a fancy of the hour," it snarled, "but is giving fair notice of a new mode that is starting on a long career. Sleeping, lounging, Lido

pyjamas are definitely accepted articles of informal apparel." But then the editor lost her nerve. "Vogue has spoken often of this somewhat bizarre mode, and now again the pyjama is presented."

At that point the whole principle of women wearing trousers was the subject of heated argument. Its opponents were rightly alarmed. They feared about immodesty but what really rattled them was the challenge inherent in women appropriating "male" dress. In public, the trousered woman embodied a subliminal act of aggression, a subversive swipe at the foundations of society. In private, in pyjamas in fact, it was titillating, hard-to-get, nicely (as Dietrich knew) disturbing.

In the decades which followed, more and more women, for whatever reason, preferred pyjamas to night-

ies. In fact, many only ever owned one nightdress, the one bought, with matching diaphanous dressing gown, for her traditional wedding night. Most wore practical garments, tailored shirtlike in crisp cotton for summer, warm flannel for winter but many were in silk or silk-trimmed rayon and reflected their oriental origins in brightly printed silks with mandarin collars and frog-fastenings instead of buttons.

As women's night attire, pyjamas began a long decline in the 1950s when the "femininity" of the New Look combined with nylon to promote a night revival. Girls still wore their PJs – of the cosy variety – but longed for the day they would graduate to their first bra and nylon nightie. And, although silk pyjamas have had their periodic revivals, the prolonged fashion for sleeping in the buff (Nothing but my Chanel No 5), or

in an old and saggy T-shirt, has rather done for both nightie and PJs.

But fashion designers still love them and, valiantly, still design them. But then fashion designers tend to be the kind of people whose adolescence was spent not going out to play in the sunshine but, instead, slumped in a darkened room watching reruns of Garbo, Davis, Crawford and Dietrich emoting in flickering black-and-white and silk pyjamas.

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## FOOD AND DRINK

# Bigger and better Lunch with the FT

About 600 restaurants to choose from this year  
Nicholas Lander outlines the quality-enhancing changes to 1999's promotion

The Financial Times' association with a good lunch - whether for business or pleasure - resurfaces next Saturday when full details of the FT's 1999 lunch promotion will be published in FT Weekend. There will be significant improvements on previous years.

Notably, the name has changed. Although the FT was the first to coin the phrase "Lunch for a Fiver" it has now been copied by a significant number of other newspapers, restaurants and commercial interests. We felt it was time for a new look, particularly as time and inflation have taken their toll.

So from this year the promotion will simply be known as "Lunch with the FT".

The crucial price points - £5, £7.50 and £10 - have not altered and FT readers will continue to be asked to make a donation at the end of the meal to Save the Children. But this year will see an increasing emphasis on quality and value for money.

Since early September, the FT's marketing department has

been hard at work to ensure that this is the case. Initially, they drew up lists of restaurants which had, on the basis of readers' reports, obviously given grounds for disappointment in 1998. These were not asked to re-apply.

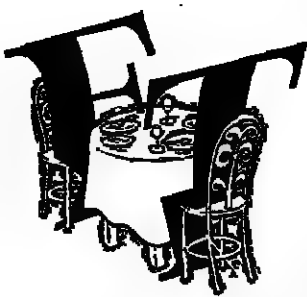
Then they built up databases of restaurants which had opened during 1998, concentrating especially on areas which have been under-represented in the past, a list which was then reconciled over several weeks with letters from restaurateurs keen to participate.

By the end of the third week of December a master list came into being. Ensuring that each restaurant reached the right level of quality was essential. So this year, there are approximately 600 restaurants taking part.

I was relieved to see this list because it meant the end of a great deal of rather tedious paperwork and a landmark *en route* to the more hedonistic goal, enjoying plenty of good value lunches. But, most important, I was relieved because nine months ago I did wonder whether there was going to be a market for a sixth lunch promotion.

Such was the level of business in restaurants during the spring and the summer, and consequent gung-ho confidence of many a restaurateur, that I gave serious thought to changing the format, perhaps increasing the price points a little, to attract enough restaurateurs.

The consequences of restaurants' poor takings in August and early September, and the number of new restaurants open-



ing - particularly in London - have changed all that. It is perhaps no coincidence that since late autumn we have received more calls and faxes than ever before from restaurateurs wanting to take part.

As well as encompassing the best value restaurants and the widest geographical spread, the marketing department has been

trying to ensure you get the best deal.

Our initial letter in early September asked restaurateurs not only at which price point they wanted to participate but also at what price they normally offer a two-course lunch menu during the rest of the year.

If it was not a big enough reduction we went back and asked the restaurateurs to reconsider. At the same time we have built up a list of the substantial discounts offered from their normal lunch menu prices and these range from a not insignificant 16 per cent to a mouthwatering 71 per cent.

There will also be one other change - full details next Saturday - and this, too, will be a consequence of all that has happened to the restaurant business during the year.

The Financial Times is initiating two new cash awards. The first goes to whoever proves, over the four-week period, to be the UK's best waiter or waitress - voted by you, the FT readers.

A second cash prize will go to the restaurant team from which comes the best waiter or waitress, an award to be shared equally among the rest of the waiting staff.

The biggest complaint among restaurant-goers today is certainly about service, whether unfriendly, slow or downright off-putting. A great deal of this criticism is justified (although I know from my days as a restaurateur that members of the public can be difficult, too) but some of it has come about because of the current over-rated regard for the kitchen - and the

head chef, in particular. Truly great chefs acknowledge the importance of managers and waiting staff.

So in an attempt to turn the limelight away from the kitchen and on to the waiting staff, we have amended the FT questionnaire that is presented to you with the bill and the Save the Children envelope.

We are also keen to receive your opinions on such friendly, efficient, engaging and personable member of any waiting staff you encounter during an FT lunch via e-mail, fax or letter. Full details will be in next Saturday's paper.

One crucial ingredient of "Lunch with the FT" has not changed, however. The list of restaurants comes free with next Saturday's Financial Times. No coupons are necessary, no proof of purchase is required to make your booking.

Just buy the paper next Saturday - or any day over the following fortnight when an abbreviated, daily list of participating restaurants will appear - make your booking quoting the FT lunch, and enjoy.



A pair of pomegranates - and a recipe that won't give you the pips

Guy Mobley/Anthony Blake Photo Library

## Cookery

# How to refresh jaded palates

Philippa Davenport has some stimulating suggestions for the final festive sprint

The seventh day of Christmas has come and gone. Only five days' feasting to go.

The meditative mood is still celebratory but I dare say some appetites are beginning to fall by the wayside now.

For those now feeling faintly sated rather than lured, here are a couple of lighter, fresher and cleaner-tasting suggestions to revitalise the tastebuds for the final leg of the festive sprint.

These are colourful and sparkling fruit-based desserts that maintain the celebratory Christmas theme without tyranny.

**POMEGRANATE ICE WITH DAMASK ROSE** (serves 10)

Sweet yet refreshing, simple yet extravagant, chilly yet romantic, and as red as

Father Christmas's cloak, this is best served in small glasses by candlelight to maximise the glitter.

Most people extract the juice from pomegranates using a citrus squeezer, as though they were oranges. This is quick but the bitter white pith is crushed in the process and I find this taints the taste and makes the juice cloudy. Retain the flavour and colour using the method below.

8-12 ripe pomegranates depending on size and juiciness; 2-3 lemons; 180g sugar; 1 to 1½ tablespoons triple distilled rosewater.

Cut the first pomegranate in half. Hold one half loosely, cut side down, in one hand, spreading your fingers apart.

Place your pomegranate-cradling hand over a bowl and hit the skin of the fruit

repeatedly with a large spoon or rolling pin, rather more enthusiastically than you tap the top of a boiled egg.

This should loosen the glassy red seeds so they jump obligingly from their bitter creamy pith beds, and fall through your fingers into the bowl. Repeat with more fruit.

When eight pomegranates have been thus prepared, place a few spoonfuls of the glowing garnet seeds on a square of butter muslin. Gather the corners together, twist tightly, and wring and squeeze the parcel as hard as you can, holding it over a wide-mouthed measuring jug or bowl to catch all the juices that run from it.

When the seeds have been sucked dry of their juicy coating, open the butter muslin and discard them. Repeat with further batches until you have 200ml of juice.

Pour the measured juice on to the sugar in a small saucepan and warm gently, stirring frequently, until the sugar is fully melted. Set aside until cold.

While the syrup cools, squeeze a further 500ml of pomegranate juice. Stir in 4 tablespoons lemon juice and

1 tablespoon rosewater. Stir in the cold syrup and chill. Take a sip of the well-chilled mixture and add extra lemon juice and/or rosewater to taste, then freeze the mixture.

Freeze it in an ice-cream-making machine following

the manufacturer's instructions. Or freeze it in a chilled shallow plastic container with a lid, beating the mixture with a whisk or in a food processor at regular 1½ hour intervals over a 4½ to six-hour period to break up ice-crystals and give good texture.

Spoon into small well-chilled glasses for serving and scatter with pomegranate seeds for added sparkle and crunch just before bringing to table.

**COMPOTE OF CLEMENTINES AND PHYSALIS** (serves 6-8)

This very pretty and full flavoured dish will appeal to those who relish the bitter-sweet peel and fruit effect of marmalade and appreciate whole fresh kumquats.

Accompany it with lightly whipped cream (plain or flavoured with orange liqueur) and *tuiles d'amandes* or almond macaroons.

1kg small, tight-skinned clementines (add extra if there are fewer than 14 of them); 150g or more fresh physalis (Chinese gooseberries); 4 teaspoons triple distilled rosewater; 400g granulated sugar.

Melt 200g sugar in 1 litre water in a flameproof casserole or heavy pan large enough to take the clementines in a single layer.

Scrub the clementines (if they are organic or unsprayed, washing will be enough) and prick them with a toothpick or larding needle in three or four places each.

Slide them into the boiling syrup, and add 2 teaspoons rosewater. Bring to a fast simmer. Cover with a tight-fitting lid and simmer very gently for 1 hour or until perfectly tender all through.

Turn the clementines over once or twice as they cook. On no account boil or the fruit may split. Lift the cooked fruit from the pan with a slotted spoon and pile them two deep on a shallow dish with a lip to contain the syrup that will be poured over them.

A glass or bright blue pottery dish look particularly good. Discard the slightly bitter cooking liquor and make a fresh syrup using 200g sugar, 300ml water and 2 teaspoons rosewater.

Stir over low heat until the sugar is fully dissolved then boil until reduced to 250ml-300ml. Slide the physalis (stripped of their paper lantern-like husks) into the boiling syrup and bring back to simmering point. Remove the pan from the heat.

Lift out the slightly softened physalis with a slotted spoon and drop them here and there among and over the clementines. Spoon the syrup over the lot, and baste while the fruit cools. Serve very cold.

**In my recipe for Thai Coconut Broth (December 24) a line was left out. When using the extra coconut milk or cream I use 3 tablespoons or so of fresh lime juice and 200ml of coconut cream.**

Richard Neill, chef-writer Rowley Leigh and restaurant proprietor David Levin.

Opening this month at The Avalon, New York, is Larry Forgione's Coach House, a 55-seat restaurant and bar in lower Madison Avenue. Forgione, a former US chef of the year, says new American cuisine will be to the fore. Tel: +00 1 212 299 7000.

Appetisers / Jill James

The Food Programme on Radio Four? Wine and drink writer of the year have reverted to one category - that of best food journalist.

FT Weekend's award-winning Philippa Davenport will be a judge along with food consultant Jill Norman, wine writer

categories - best television personality and lifetime contribution award. Radio programme of the year has been discontinued because of the declining number of minies - a sad comment on the lack of contributions by commercial radio to food and drink issues. Indeed, where would we be without

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This year's FT lunch promotion is not the only big food event of the year which is undergoing change. The organisers of this year's Glenfiddich awards, made for excellence in writing, publishing and broadcasting on food and drink, also make some changes - most notably to some of the main award categories.

There are two new

**Appetisers / Jill James**

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## SPORT / MOTORING

The greatest sports mysteries are seldom solved completely, but one of the biggest puzzles of the 1990s - Brazil's dreadful collapse against France in the final of last year's World Cup - is eventually and satisfactorily explained. Only then, in all likelihood, will Brazil's team be able to rebuild their shattered reputation.

The lead-up to the World Cup finals in France last summer brought out all the arrogance in Brazilian football. Brazil is the only country to have won the World Cup four times, and those endless Nike commercials featuring Brazil's star reinforced the image of a dream team.

In Brazil, the view formed among supporters, journalists and even among some of the players that Brazil could only be beaten by themselves - and should they prove to be their own worst enemy, that the only adversaries strong enough to take advantage were Italy, Germany and Argentina, their traditional heavyweight rivals.

All of this made the crushing 3-0 defeat by France exceptionally difficult to explain. Indeed, the score could have been worse, so marked was French dominance. How could Brazil have been humiliated in this way?

Bars all over Brazil reverberated with talk of conspiracy. The game had been fixed, Brazil had lost on purpose. Rumours and gossip on the internet fleshed out a lurid tale involving, among other things, France's unemployment rate and Brazil's desire to stage the World Cup finals in 2006. The international media were investigating, and details would soon come to light.

We are still waiting. It was all nonsense, of course. But it was the only way that Brazilians (and others) forced the story of their team's invincibility could start to comprehend the truth.

Many others, such as the team coach, Mario Zagallo, shrugged their shoulders. It was impossible to explain what had happened to the team on the day of the final. It was just "one of those things".

Carlos Alberto Parreira, Zagallo's friend and predecessor as national coach, recently argued that had the final been a best-of-three affair, Brazil would have won. It had been an off-day, said Zagallo. This was the same phrase he had used following earlier losses to the US, Argentina and Norway. To have had one off-day may have been unfortunate; a run of them seems to indicate structural weaknesses in Brazilian soccer.

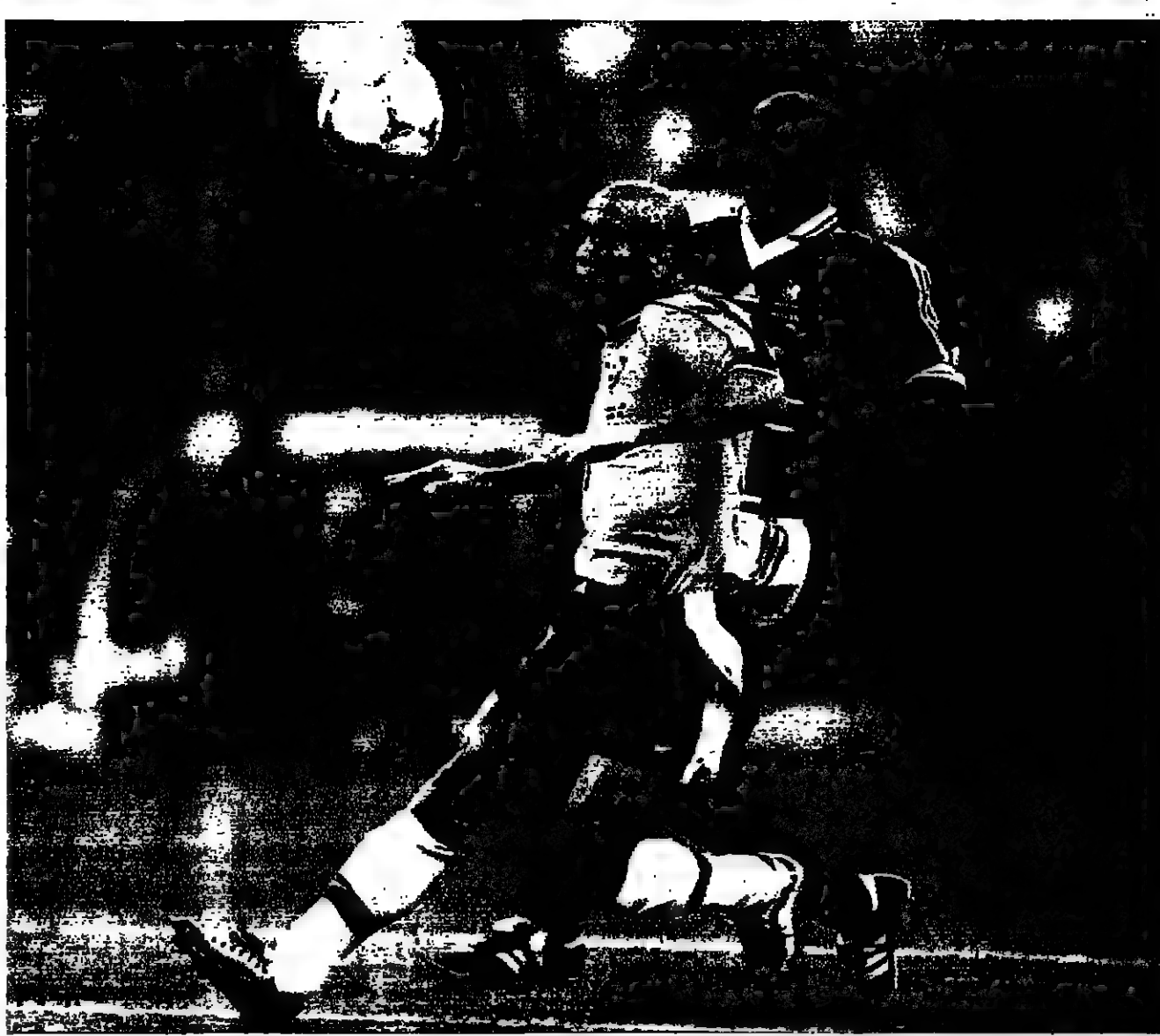
The drama of Ronaldo's convulsion in the hours before the final had upset the team, said Zagallo, but, as the veteran coach must have been aware, that is a lame explanation for the team's collapse.

Zagallo was a player in the 1962 World Cup, when Pelé was injured in Brazil's second game. The world's undisputed No. 1, Pelé was at his athletic peak and far more important to his team's all-round play than Ronaldo last summer. In spite of frantic attempts to get him fit, Pelé played no further part in the tournament, and his team-mates quietly got on with the task of winning the World Cup.

It was a point made by Zagallo in his pep-talk before the final against France last summer, though it clearly had little impact. The controversy over what happened to Ronaldo on the day of the Paris final has obscured a fascinating question: why were Brazil so weak that the problems of a single player led to the team's collapse?

Those omnipresent TV commercials of Brazil's stars showing off their skills in an airport lounge drew upon the world's perception of Brazilian football: full of improvised skill, a spontaneous and joyful celebration of individual genius. This perception holds the key to an important part of the story of their collapse last summer.

Pelé and Garrincha, a spontaneous and ungovernable genius if ever there was one, were the key players when Brazil were estab-



Ronaldo of Brazil holds off Lilian Thuram of France during the World Cup final last year. France won 3-0

## Soccer

## Mystery of the great Brazilian collapse

Tim Vickery explores the most surprising defeat of last summer's World Cup

labelling themselves as masters of the global game. Their international careers coincided for an eight-year period, and Brazil never lost a game when both were on the field.

The country continues to produce outstanding soccer talent - only to be expected, given the size of the population, the climate and the importance of soccer in Brazilian culture. The population has grown from 90m in 1970 to 180m. Even so, of the last seven World Cups, Brazil have only won one: even that followed a penalty shoot-out.

Individual talent is no longer enough, but then it never was. What has been forgotten is the context in which the likes of Pelé and Garrincha played, which allowed their skills to flower. In their heyday, Brazil led the soccer world in so many aspects of the game. Their preparation for the 1958 World Cup finals - their first triumph - is a case in point. A year before the tournament, members of their delegation had scouted Sweden for hotel and training facilities.

Nothing was left to chance. Before travelling, the players received dental treatment - very necessary in some cases - and, years ahead of their time, the team also took along a sports psychologist. True, Dr Carvalhas rapidly became a peripheral figure: he found Pelé "obviously infantile" (the striker was only 17 years of age) and "would not advise his selection". But Brazil's willingness to experiment showed an admirably open mind.

Then there was physical preparation. In their great days, it was customary for Brazil to win games in the second half, when they upped their rhythm to a tempo opponents could not match. Quite simply, Brazil were fitter than other teams. The specialist physical trainer has for

decades been an important figure at Brazilian clubs. Many blamed the side's 1998 World Cup fiasco on the fact that trainer Rudolph Hermann came from judo, and was not a football specialist.

Brazil were also ahead of the field in tactical terms. The story of the development of soccer tactics has climaxed in the conception of the team as a diamond-hard unit. When in possession, all players are attackers. Without the ball, all are defenders. This was the point reached by Holland in 1974, when the

**'Why have a midfielder who just defends or just attacks, if I can choose one man who does both?'**

Dutch school of "total football" regarded all players as multi-purpose. Subsequent rule changes have extended this concept to the goalkeeper, who now needs to be skilled in passing the ball out of defence.

The drive towards versatility was given a huge boost by Brazil. Needing to find a way to cope with highly talented attackers in domestic football, Brazilian coaches hit upon the idea of withdrawing an extra player to the heart of the defence, creating a back four. As a by-product, the full-backs had more freedom to attack. The first to appreciate this was Milton Santos. A player so complete that in Brazil he is revered as "The Encyclopedia of Football", Milton Santos in the

1960s pioneered the role of the ruffling left-back.

If full-backs could attack, wingers could defend. In 1962, Milton Santos was 37, and struggling for pace. Mario Zagallo, on the left wing, noticed the empty spaces behind him and dropped back to help in the midfield. "I was ahead of my time," he says. "Now, every one does what I did."

Yet this same Zagallo became a symbol of how Brazilian football stopped in time. In 1970, he was the coach, with the brilliant and intelligent Tostao at centre-forward. Twenty-eight years later Zagallo was once more the coach, and Tostao, now a journalist, was horrified to see that the training methods had not changed. Indeed, the Brazilian game had gone backwards. The rot of complacency had set in.

The creative player who tips the balance had become a spoilt child. Not for him such chores as working back, or learning to kick with both feet. His talent justified all. But for him to play his tune, someone had to carry the piano, and so Brazilian midfielders became clogged with plodding marksmen, excellent at committing fouls to slow down opponents' counter-attacks, but of little use with the ball at their feet.

The result in France last summer was a commentator's dream. There were no surprises from Brazil. It was clear which player would operate in which sector, and how. Their attacks were predictable. They may have had some of the best players, but tactically they had little to offer.

Last April, Argentina gave them a lesson in 11-man football, constantly moving the ball to create space on the field. Last July, France's lesson was in high-pressure marking, reducing the space in which Brazil's players could operate. Brazil had no answer. Fittingly, their executioner was

Zinedine Zidane, glorious with both feet and, as it emerged, deadly in the air as well.

The more perceptive have taken the World Cup defeat as a warning that Brazil have fallen behind victims of their own success who have forgotten the things which made them successful. Those who think like this include Vanderley Luxemburgo.

Brazil's new coach can cut a slightly ridiculous figure in his desperation to be "modern". Computer jargon litters his conversation. "First, we'll draw up a macropian," he replied when asked about his priorities. His homage to the professional approach of European coaches sees him permanently trussed up in a suit and tie, like a tropical Father Christmas, sweating buckets in 40°C heat.

But there is merit in his message. He has embraced the creed of versatility. "Our defensive midfielders don't know what to do with the ball," he has said. "It's not a case of playing 4-4-2 or 3-5-2. What's important is having a group that can vary the play. What's the point in having a midfielder who just defends or just attacks, if I can choose one man who does both?"

With three lightweight friends under his belt, it is too early to judge the reign of Luxemburgo. With the limited time available for training and the pressures the job always carries, it may be difficult for Brazil's new coach to impose his philosophy. His enthusiasm for the football of the Dutch recalls an earlier coach, Claudio Coutinho, who failed in his bid to make Brazil imitate the Holland team of 1974.

Some see Luxemburgo's demand for versatility as an alien imposition. In fact, it seeks to lead Brazil back to the path that led to so many triumphs.

Michael Thompson-Noel

## Safety, not seamanship, is the issue

Ocean yacht racing must be extravagantly thrilling and rewarding, or why else would grown men and women spend so much money on it, and confront such risks?

I have no experience of it myself, for I am one of those cost-conscious individuals who hopes to live longer by minimising risk. I stay on land, and I try to stay dry.

On the other hand, you do not have to be a risk-taker, let alone an ocean-racer, to wonder whether an event as dangerous as the Sydney-Hobart spectacle, an ocean-racing classic which has just claimed no fewer than six lives, should not be subjected to the most intense scrutiny and investigation. I would be astonished if it could not be made very much safer.

Last weekend, Australia had to mount its largest civilian maritime rescue operation when appalling weather smashed into the 115-yacht Sydney-Hobart fleet off south-eastern Australia, obliging many crews to scramble for survival. Six yachts were abandoned or sank, and 70 were forced to quit the race. Military helicopters plucked about 86 sailors to safety.

At the height of the rescue, 88 military and civilian aircraft were searching an area of 4,000 square nautical miles, aided by naval and fishing boats below.

Because of the treacherous conditions off south-eastern Australia, the 680-nautical-mile Sydney-Hobart is known as "Hell on High Water". Astonishingly, only two reported deaths had marred the 64-year history of the race before this week's carnage - the worst in an ocean race since 15 died in a storm during the 1978 Fastnet race off Ireland.

The Cruising Yacht Club of Australia (CYCA) has said it is launching an inquiry into the debacle, though most of those involved in the race, especially the competitors, seem to believe that skippers will retain sole responsibility for deciding whether it is safe for their craft to continue racing, once violent weather is upon them.

"You enter a race at your own risk," said Ross McDonald, a crewman of the yacht Wild Thing, which quit the Sydney-Hobart last Sunday. "You're free to pull out any time you feel it's too much for you."

In Britain, Sir Robin Knox-Johnston, the distinguished non-stop, round-the-world sailor, endorsed this viewpoint by declaring, in a piece in *The Times*: "As conditions deteriorated, many of the sailors judged that both crews and boats had reached their limits. More than half of the fleet sensibly decided to withdraw and head for shelter. This decision is made by skippers, because they are the people on the spot. It is not for the race organiser to cancel the race, because he is not aboard."

I am sure I cannot be alone in finding that way of looking at things to be peculiar and more than a little gung ho, especially as a spokesman for the CYCA has said that the start of the race would have been delayed if officials had known what lay in store for the Sydney-Hobart fleet. If it is OK for race officials to delay the start of such a potentially perilous undertaking as the Sydney-Hobart, then I cannot imagine why they shouldn't be empowered to order its abandonment if they learn that the fleet is sailing into really big trouble.

Knox-Johnston says sailing is a safe sport, statistically, but that

its safety record is the result of training and experience. Seamanship cannot be acquired from books, he says. It is a hands-on skill. To become good seamen, people must sail out to the oceans and study the winds and waves and the reaction of a boat to both. "If we start to ban difficult races, or cancel them at the whim of a bad weather forecast, we are not just encouraging a lowering in standards, we are ensuring that the quality of seamanship will fall."

Really? That sentence raises numerous questions. Perhaps the "quality of seamanship" that now prevails has been bought, or is in danger of having been bought, at too high a price. Perhaps what is needed is not ever-higher standards of seamanship, but slightly lower ones, thus encouraging more skippers to ask themselves some extremely basic questions every time - every time - they put to sea.

□ □ □

Being a cynic, I suspect that professional (and perhaps amateur) sport is more bedevilled by the often unsavoury influence of gamblers, bookmakers and

**In top sport, greed, cheating and corruption will endure to the end of time**

betting than 80 per cent of sporting bureaucrats imagine.

Nevertheless, cricket followers may have been taken aback at the lack of ambiguity in remarks by Stephen Camacho, chief executive of the West Indies Cricket Board, in dismissing speculation that West Indies players might have had anything to do with bookmakers or match-fixing.

"Nothing has ever been brought to our attention about anything like that," said Camacho loftily, adding: "We have to believe in our players and their integrity and pride in playing for West Indies. We have not kept anything back. We are speaking from what we know. Our guys are clean."

Bully for them. But even the steepest Camacho, a former West Indies opener, admits that the shadow of match-fixing in cricket is growing and spreading. "Before, [there] was just an isolated case in Pakistan. Now that we are hearing a lot more, around the world, it is causing some concern for everyone," said Camacho.

When the International Cricket Council meets in Christchurch, New Zealand, next week, problems of bribery and match-fixing will be near the top of the agenda.

It is my view that the three biggest issues in professional sport in the first two decades of the 21st century will be player power - especially the ability of highly paid stars to hold their sports to ransom - drugs and betting. The bureaucrats and media will huff and puff away. But it won't make any difference. In professional sport, greed, cheating and corruption will endure to the end of time. Just ask a bookie.

## Motoring

## Cars drive by themselves

High-tech fantasy is moving closer to reality, says John Griffiths

We are entering the last year of the first full century of the car almost as mystified about the future of private transport as our forebears were when they clunked around in the first de Dion Boutons.

Hogwash, some will say in response, pointing to the reams of research going on into the subject. In my defence is an observation by John Smith, a former General Motors chairman, that two-thirds of the world's storehouse of knowledge had been acquired in less than 40 years since the end of the second world war.

In the space of a further 15 years, we have probably acquired half as much again. Just as the rich a century ago never envisaged motorways and the great unwashed driving in air-conditioned comfort in their millions, the solutions to the urban jams and other motorised miseries of the next century may well take entirely unexpected forms. Some of the innovations

due in the next 12 months, and others unveiled in the past 12, underline the fact that our knowledge is expanding so fast that the engineer who claims to know how cars will look or be powered or used even two decades hence is deluding himself.

Considered individually, these innovations do not a revolution make. Only when they are combined will their true significance emerge.

Take some examples. In spring, Rover, BMW's British subsidiary, will launch its new 75 executive car with an integrated telephone and a choice of two satellite navigation systems. At about the same time, Jaguar will start producing its long-awaited S-type with similar technol-

ogy. The new Mercedes-Benz S-class is the first commercially available car in the world to have "adaptive" cruise control: on-board radar automatically keeps the car a safe distance from the vehicle in front while cruising on the autobahn. But Mercedes, Ford and Delphi, General Motors components arm, will be demonstrating more radical technology already at the prototype stage: collision avoidance using radar, laser and other sensing systems, which automatically brake and steer the car out of trouble.

Later this year, Cadillac De Ville models will have a night-vision system based on infra-red thermal imaging technology used by the military. It will allow a driver to "see" in the dark three to five times further than using conventional headlights, cutting the risks of night-time driving. Another prospective technological advance is worth noting: Internet in the car. Visteon, Ford's components subsidiary, and Delphi are

working with information technology groups, including Microsoft, to provide full Internet access from the car. This would allow drivers every type of activity from downloading database information for a businessman's on-board computer to running the bath at home.

In the shadow of Brussels' Atomium exhibition building is a house of the future, funded by the European Union. Almost every household chore, from closing curtains to running a bath, is controlled by a microprocessor. Within the next 12 months, says Visteon, prototype on-car Internet systems will be able to run that bath while the driver is still 20 miles from home. Put all these technologies together,

and the remarkable becomes the revolutionary. In combination, they bring closer to reality what only recently was generally unthinkable: the self-driving car. It is no longer fantasy to talk of a driver - a potentially redundant term - jumping into his car, issuing voice commands about where he or she wants to go, before settling down to some work while the car tootles safely to its destination.

This capability is important not least for governments agonising over how to



Rover's new 75 executive saloon: BMW's hope for 1999

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This capability is important not least for governments agonising over how to

and pollution as well as moving commuters, at least, on to public transport. What hope can there be of wearing commuters from their cars if they can spend time constructively in a traffic jam?

As for pollution, another technological leap is due in the next two to three months, when Ford puts on the road what it claims is the first medium-sized car powered by a fuel cell to undergo "real world" testing. The cell, developed by a partnership between Can-

Delmar-Benz and Ford, generates non-polluting power from hydrogen and oxygen. By the end of the year, the partners will know if putting fuel-cell vehicles on the market by 2004 is feasible.

The revolution is not confined within the car. Technology trials for external control of a vehicle taking place in Tilburg in the Netherlands indicate that some will not welcome all innovation. The Dutch Ministry of Transport, under an EU research programme aimed at cutting road deaths, is experimenting with a roadside beacon system that sends a signal to specially equipped cars entering the town's 30kph zones.

The signal is picked up by an on-board chip that instructs the car's engine management system to slow the car to exactly that speed - irrespective of the driver's wishes.

"The possibilities are as wide as your imagination," says Graham Bell, Delphi's European marketing direc-



## PROPERTY



The Frelinghuysen Estate: being sold for only the third time in its 90-year history, by Sotheby's



The Library at Tuxedo Park: a converted outbuilding with six acres and a boathouse, for more than \$1.5m

# Heading north for some real wilderness

Anne Spackman finds the Hamptons is becoming second choice for a growing number of New York second-home owners

Having spent her college years happily in the Hamptons, Anita Perrone expected it to be her number one choice for a weekend home. When the opportunity came, both she and her husband decided against it. The traffic was too bad; it was not the relaxing place she remembered. Instead they have joined the migratory flocks heading north out of New York City for the weekends. In their case, the journey is to Dutchess County; for others it is increasingly to the towns and villages to the west of the Hudson River.

"That whole area around the Hudson has become incredibly popular," says Perrone, who works for the Corcoran real estate group in Manhattan. "It's the un-Hampton Hamptons. You don't need to dress up to go to town. There are dells and farmsteads, rather than malls and you can still pay by the honour system of leaving a quarter in the cup."

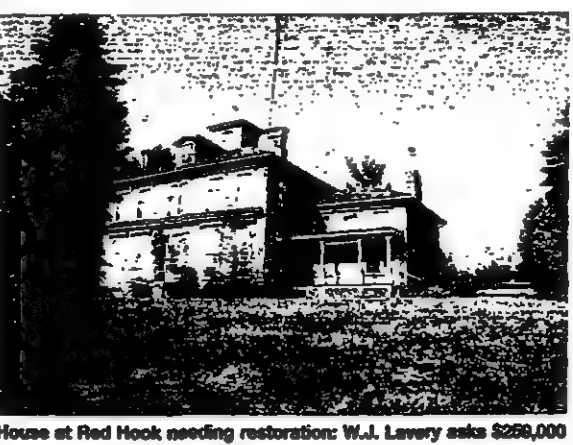
It would be hard to argue that there was an exodus taking place from the Hamp-

tons, given the strength of its prices. But there is no doubt that a number of weekenders who had homes there are swapping them for the less sophisticated territory of upstate New York. Sotheby's International Realty has clients with homes in both locations, as well as New York City. The Hamptons is for the beach and the Hudson for the countryside. Some of their buyers are looking as far away as the "finger" lakes and the Adirondacks in search of some real wilderness.

Sotheby's Tom Anderson says people are looking for settings and properties which they know cannot be reproduced. "Water, woodland and countryside - people are so eager for that combination," he says. Just last year he bought himself a vast 13,000 sq ft property in 150 acres on one of the finger lakes. "I wanted to make sure I got in early," he says. The US has seen a huge surge in weekend buying over the past few years. An additional 200,000 second homes were bought each year in 1996 and 1997, according to figures from the Cen-



Restored farmhouse at Rhinebeck: W.J. Lavery sold it for \$307,000



House at Red Hook needing restoration: W.J. Lavery asks \$250,000

sus Bureau. Last year (1998) was reported to be another bumper one. Buyers have been encouraged by new finance packages which make second homes more affordable. Instead of 30 or 30 per cent deposits, lenders will now take 10 per cent. The premium interest rates previously charged on second homes are also disappearing. New York lies third in the US league of second-home ownership, behind Florida and Michigan. Many of its latest recruits are from Manhattan's new country set,

looking for the same attractions which draw Londoners to the Cotswolds: protected countryside, old properties and shops selling many of the foods they enjoy in the city. Phillip La Susa is a realtor for W.J. Lavery, living in Ulster County, one of the increasingly popular areas to the west of the Hudson River. He has sold houses in Ulster and Dutchess counties for 30 years. He says Dutchess has always been the prime destination, while Ulster always had a following among writ-

ers and artists attracted to towns such as Woodstock and Stone Ridge. They are now being joined by refugees from the Hamptons. "The Hamptons is a very social area," La Susa says. "But people come north searching for something more rural, more remote. Most of them want antique houses at the end of a lane. The reality is that most antique houses are built on the road, but people get used to that."

La Susa says the most active part of the market is for homes costing between

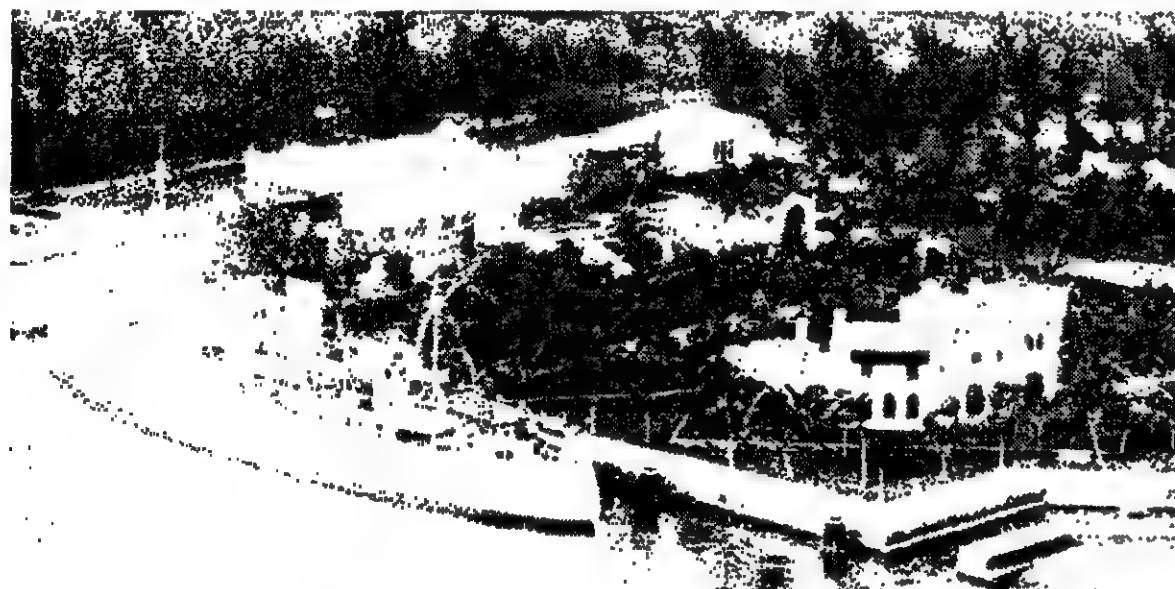
\$250,000 (£150,000) and \$400,000. Most popular are the old stone properties, some of them former farmhouses, dating from the mid-18th to the early 19th century. Although prices for such homes are rising, they are still cheaper in real terms today than at the end of the 1980s boom. "By the end of the 1980s the entry level into the market was \$300,000," he says. One man currently house-

hunting on the Hudson is Keith Skeel, an antiques and interiors specialist with homes in the UK, South Africa and the US. He was staggered by the beauty of the landscape and the price of property in an area so close to New York City. "It's everything you expect to find from the English countryside, but often don't," he says. "There are rolling hills, wonderful trees, lakes and the Hudson River itself. Within half an hour's train ride you are in sparsely populated countryside, with lots of small villages and no noise. You can be in your own world."

Skeel is particularly interested in the 19th century properties which look like miniature plantation houses, with large verandas and wooden columns. He nearly bought one in an acre of ground with uninterrupted views across the river, priced at \$340,000. "You would never find anything like that near London for \$200,000," he points out. One place where prices not only rival, but outstrip the UK, is Tuxedo Park, an hour's drive from Manhattan. It is a protected area of 2,500 acres of lakes and rolling woodland, dotted with some spectacular archi-

tectural gems. This is a destination for people who want rural peace and period architecture, but within a gated community with its own private police force. For most residents it is one of several places they call home. Tuxedo Park still has huge turn-of-the-century homes such as the Frelinghuysen Estate, which Sotheby's is selling for only the third time in its 90-year history. The asking price is \$2.9m. Many weekend buyers are focusing more on the converted outbuildings of the old mansions, now being sold as houses in their own right. Tom Anderson of Sotheby's has recently sold such a property, called The Library, a 3,000 sq ft lakeside house in six acres, with a boathouse, for more than \$1.5m. He says the area has become increasingly popular with stars of the sports and entertainment worlds, whose income is unaffected by tremors in Wall Street. So far, he reports no sign of the softening in prices being witnessed in Manhattan.

■ Sotheby's International Realty: 212 806 4184; Phillip La Susa: 914 229 2200



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## PROPERTY / OUTDOORS

## Gardening

## One under the eight

Why did Robin Lane Fox's viburnum die? Philosophically, he has a theory

**T**en years ago, in the flush of enthusiasm of owning a new garden, I planted the backbones of my plan, eight specimens of the white-flowered Viburnum Carlesii. Since then, experts have given them a mixed press. They say in their books that Carlesii is more coarse than either of its parents, the sweet and slow-growing Carlesii from Korea and the marginally hardy Macrocephalum which has huge heads of white flowers and needs a warm wall.

Personally, I am delighted with my choice because it has generally grown vigorously, survived the droughts, had no attention and now covers itself with hundreds of white flowers in May. Last year, one of the eight flowered frantically. It seemed unable to stop and after its final tour de force, bits of it started to go brown. In April, it faltered into leaf, turned round and died. By the week of the Chelsea Flower Show, it was a brown mass of twigs and I needed advice.

At this point, I remem-

bered the young Descartes. With hindsight, he tells us how he preferred to trust practical men who would suffer personal loss if they were wrong. So at Chelsea I asked those whose living depended on the matter why my big viburnum had suddenly died.

Of course, they all had an answer. The trouble was that the answer differed. Highly honoured authorities told me that it was a new soil-borne type of bacteria or a virus which had poisoned the roots. Some suggested that the entire plant had been barked and stripped by squirrels. Others said that it was a type of phytophthora. Most of them agreed on the worst diagnosis of all: viburnums are not long-lived and a lifespan of 10 years is about right.

If you plant a repeated backbone to your garden, you certainly do not wish to hear that 10 years is its lifespan. Designers tell us to plan simply and consistently, but that multiplies the risks of common disease and simultaneous mortality. I remember choosing viburnums because the then foreign secretary, Lord Carrin-

ton, had a marvellous sequence of mature Viburnum Carlesii in a prominent part of his garden.

In due course, I asked him, too, if viburnums were short-lived. He said they were beginning to die in places but he had been growing them for nearly 50 years. On the Descartes principle, he did not stand to be pun-

**It flowered frantically, faltered into life, turned round and died**

ished for what he said, but he had had enough of a span in these plants' company to know that his did not die in a decade.

In June, I held an inquest while doing the summer bedding. There had been no barking and no bacteria. The viburnum had been grafted on to a much coarser variety and I ought to have been quicker to cut off the many shoots from the base.

In high winds, they had started to rub against the desirable branches of the graft which I had bought and they rubbed away the bark, restricted the sap and caused the finer parts of the plant to wilt. They had inflicted a sort of horticultural frostage which had killed the proper parts of the bush.

I have continued to puzzle over this death and have now found a promising connection.

The viburnum began to be stressed from 1989 onwards. It has recently transpired that fellow members of its family had begun to be cited in a spectacular case, alleging international smuggling.

In late spring 1984, a group of treasure-hunters near the village of Elmali, in south-west Turkey, found a large hoard of ancient Greek coins of exceptional value and rarity. A few months later, a large collection of exceptional Greek coins began to be offered by various dealers and ended up in the ownership of an American businessman, William I. Koch.

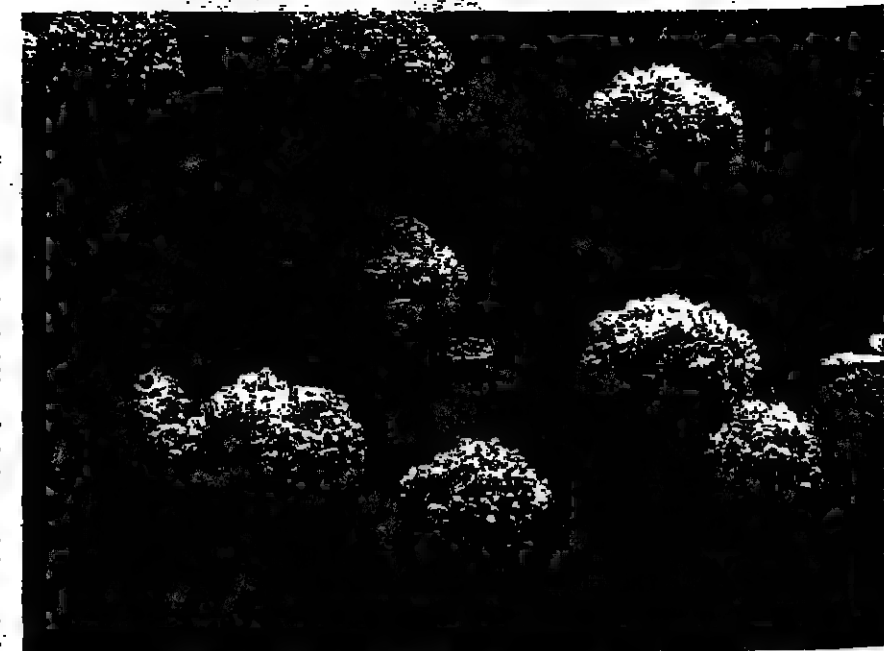
Koch has many strings to his bow, including a prolonged battle with two of his

multi-millionaire brothers for control of the family business and victory in a claim for the refund of \$48m from the Massachusetts tax authorities.

The case hinges on whether the coins acquired in phases by Koch had been extracted from Turkey, removed from their historical context and smuggled into the market for unlicensed antiquities. The dispute continues, but a cardinal witness in the early rounds has been nothing other than the white scented viburnum.

The Turkish authorities challenged Koch on the dates of his dealings with the middlemen who sold him his silver coins. The potential value of the part of the hoard offered to him could have reached \$2m. According to Koch and his representatives, the offer of this extraordinary treasure had already been made to him before the Elmali hoard came out of the ground in May 1984.

When pressed, he said he was sure of this because he had first met the dealers when his beloved flowers, including sweet-scented



Viburnum carlesii: a lifespan of 10 or 50 years?

A-Z Gardening

viburnums, were in full bloom in his own Massachusetts. Expert opinion then countered for the Turkish prosecutors that the weather-records for Massachusetts in 1984 were enough to show that viburnums would not have flowered before mid-May, by which time the hoard was out of the ground and available for middlemen to flog for an outrageous profit.

I now realise that my dead eighth viburnum was embarrassed by its namesake being hauled up in court. This unreported consequence of the affair of the

Turkish hoard seems to follow from the chronology.

No sooner had the viburnum's fair flowers been taken in vain in testimony than my specimen started to go wild and flower itself to death. I am pretty sure it was shaking with moral outrage, not with soil-borne bacteria. It saw the citation of its family in international suits as the ultimate disgrace and had an over-energetic fit in protest.

Nobody else, expert or otherwise, has come up with a better explanation of its destructive conduct. In Descartes' view, the series of

people in their studies are all the more vain about their theories the further they are from common sense.

In my experience, the closer they were to common sense at Chelsea, the more they were mistaken. If we followed the ways of practitioners who are making a living, we would still be doing some extraordinarily stupid things to the plants we grow. The practical man is no more right than I am and it is not just vanity that makes me prefer my theory as to what began my dear viburnum's decline.

## On the Move

## Overseas buyers drive Irish market

Gerald Cadogan finds European interest in property in the Republic is expected to grow

**I**n 1988, prices of country property in Ireland rose 25 per cent, reports agent Michael Daniels of Mallow in County Cork. Foreigners dominate the top end of the market, he finds.

Of a current sample group of 280 registered potential buyers for houses costing more than £200,000, 40 per cent are from the UK and 29 per cent from the US. Irish potential buyers form 12 per cent and a further 12 per cent are Irish expatriates.

In the £200,000-£300,000 range, the US and Irish figures change. Here Irish buyers make up 30 per cent of the market, but US buyers drop to 9 per cent.

Continental European interest in Irish property is likely to expand this year, according to Daniels, as it becomes more easy to compare values throughout the euro countries.

In County Cork, Daniels (00 263-25-39145) lists Cortnaul House, a 19th century Georgian-type box house with a good garden and superb views over Bantry Bay, for offers over £1m.

**Restored gem**  
In Wales (although possibly in Shropshire), Bettisfield Park near Whitechurch is a handsome Georgian medium-sized country house with six bedrooms.

Listed grade II\*, it has

stunning plasterwork and painted ceilings, perhaps designed by Samuel Wyatt, the architect of Donnington Hall in Cheshire. Now restored, this classical gem costs £2.5m from Jackson-Stops in Chester (01244-333361).

**Jaunty crescent**

Another classical gem, and also grade II\*, is Calverley Park Crescent in Tunbridge Wells, built in the early 1830s by Decimus Burton after he had designed the Athenaeum in London and the screen at Hyde Park Corner. The crescent has 17 houses opening on to a covered promenade in white-painted cast iron, which gives the right jaunty look for a spa resort. The ground floors began as shops, but were soon included into the houses above.

Unusually, two houses in the crescent are for sale from Brooks Peacock in Tunbridge Wells (01892-531195). Number 12 is priced at £285,000, and number 15 at £286,000.

**For sailors**  
Berkeley Homes' latest project is a riverside scheme for sailors. Hamble Riverside is at Hamble-le-Rice at the mouth of the river Hamble where it joins the Solent, close to the Royal Southern

and the RAF Yacht Club.

The RAF club used to own the site, which has now been converted into townhouses, flats and a penthouse, at prices from £155,000 to £425,000. Inquiries to Berkeley Homes in Basingstoke (01256-814374) or Hampton in Winchester (01962-942079).

**Good gallops**

In the racing world it is hard to think of a more distinguished name than the West Hiley stables near Lambourn in Berkshire. Following Lord Huntingdon's decision to retire from training at the yard, it is for sale.

The vendor (through the Privy Purse) is the Queen, who bought it in 1982 and wishes it to continue as a training yard.

The sale includes the trainer's house, 117 boxes in five yards, an exercise yard, and flats and cottages. There are 37 acres around the yard, and 196 acres rented on a long lease which form, says Hern, "the finest private gallops in England, having an excellent cushion of grass".

The price for the yard and gallops is £1.6m from FPD Savills (0171-499 8644) or, including the house and other lots, £2.7m. The racing authorities would probably allow two or more trainers to share the yard.



Hodecott House, part of West Hiley: the house, stables, training yard and gallops are for sale in lots, or as a whole for £2.7m



Bettisfield Park: medium-sized country house for £2.5m



Classical gem Calverley Park Crescent, where two houses are for sale

## 'We'll jump right across the country'

The Galway Blazers are a legend in and out of the saddle. Kieran Cooke observes

**J**erome Mahony stands ramrod straight in front of the crackling fire, suede shoes slightly scuffed, well-worn tweed jacket trailing a few threads. Tumbler of whiskey are handed round. Terriers jump and growl, leaping off the back of the sofa, pulling at shoe laces, upsetting the nuts on the table. A big fat yellow moon hovering over Galway Bay shines in through the long Georgian window.

"When I climb on a horse I feel the same sense of excitement as when I first started hunting more than 50 years ago," he says.

Mahony - known to everyone in the Irish hunting world by his nickname "Min" - is chairman of the Galway Blazers, Ireland's most famous hunt. The Blazers has a reputation for raciness and ribaldry which stretches well beyond the country's borders.

"I suppose we are a fairly hard-drinking bunch who love our hunting and the rough and tumble of the sport," says Min.

Tumblers are refilled. "Everyone seems to enjoy riding with us. Local farmers, financiers, priests and film stars. It's a great mix and certainly not elitist."

John Houston, the American director of such epic films as *The African Queen* and *Moby Dick*, was once a joint master. St. Clerans, Houston's Galway mansion (now a luxury guesthouse owned by the American TV chat show host Merv Griffin), was the setting for wild post-hunt parties.

"Houston was a wonderful host," says Min Mahony. "There were Monets on the walls and the cocktails - White Ladies and

Bloody Marys - were the talk of the country. One Christmas, John Steinbeck played Santa Claus."

The Blazers was formed in 1837 and hunts in all weathers three times a week in season. Though there are several stories concerning the origin of the name (one involves the number of redheads who rode to hounds), the most likely explanation is derived from an incident last century when the men and women from Galway were entertained to dinner at a hotel in a neighbouring county. As the night progressed the alcohol flowed and general devilment ensued. By morning, the hotel had been burnt to the ground.

At 11 the next morning riders congregated at Greally's pub not far from Galway city. It is a bright, blue-skied day but a wind as sharp as a cheese-slicer blows in from the Atlantic.

"You have to be really tough and fearless to spend a day with the Blazers," says Elaine O'Shaughnessy, not riding this time because of injuries sustained in a bad fall. "Some people look at the terrain and just give up. After four or five hours in the saddle you are ready to collapse."

About 300 families once controlled most of the land in County Galway. Few of the old estate houses still exist; most are ivy-clad ruins. The land has been



Min Mahony, 66, and back in the saddle three months after a triple bypass

subdivided over the years into a network of fields criss-crossed by stone walls.

"Walls, more walls," said a visitor to the Blazers in the 1930s. "Dammit, there were more walls

than fields - and ye'll be say-sick with leppin'."

Before the hunt sets off port and brandy are consumed. There is talk of the weather and picking up the scent of the fox. "Scent is

a very mysterious thing," says Min, now in red coat and top hat. "There are good and bad scent days. If I see the stones on the walls are black and wet-looking, then usually the dogs pick up a scent easily."

Ramon Smith, the hunt's "Whipper-in" but out of action due to a broken wrist, says that when he sees chimney smoke curling back to lay on the ground he knows it's a good scent day.

The Blazers has about 80 full-time members. By invitation, outsiders can ride with the hunt. It costs £250 a day for a "Visitor's Cap", the same again to hire a horse. The total bill for a day out can be £200, if before and after drinks are included.

Visitors enjoy the informality and wildness of a day spent hunting in Galway. Eric Neill, a New York physician, hunts regularly with the Blazers. "I come for a week and it costs me less than \$2,000, hotel and air fares included. I can leave JFK (airport) in the evening and be sitting on a horse here the next morning."

Klaus Engelsberg, managing director of a Norwegian oil supply company, says "nothing equals a day out with the Blazers. The people are wild and wonderful - so is the country." Debbie Gall and two friends from Factoryville, Pennsylvania,

are riding with the Blazers for the first time. They are nervous and slightly perturbed by the chaotic atmosphere. Horses gallop off in various directions: some riders are still propping up the bar. "Our hunts in the US are far more organised. All these stone walls are new to us. I just hope we last the pace."

Two hours later and the Americans look at home. Their jet-lagged pale faces have turned pink in the wind and rain, their clothes splattered with mud. A fox has been leading the hunt a merry dance. There is a pause. Hip flasks are passed round. About 30 riders are out. At Christmas, up to 100 join the hunt.

"Our horses always impress visitors," says Mahony. "The Irish hunter is an entirely different animal from its counterparts in England or the US, bigger and larger boned, a draught horse crossed with a thoroughbred which produces a highly intelligent but placid animal."

The Blazers has always had its characters. Mollie O'Rourke, later Lady Cusack-Smith, was hunt master in the 1940s, a woman renowned for her beauty who hunted with heres and goss and was at the centre of the Blazers' social life. When the hunt told her it wanted to present her with a portrait she said she would pre-

fer to be painted sitting astride her usual mount of a bar stool rather than a horse.

Father Loughane, a Roman Catholic priest, was once a Blazers regular, riding a hunter called Orangeman. Once, he chased the fox for too long and was late officiating at a funeral; he was banished to a parish far away from Blazers' country.

Several riders in the hunt are over 70; Min Mahony, 66, had a triple bypass three years ago. A few months later, he was back in the saddle, jumping over walls and ditches.

It is 4pm and the sky is darkening when the hunt decides to call it a day. Post-hunt analysis is carried out over hot whiskies at Greally's bar. Two foxes were chased. Both escaped. The scent, say the huntsmen, was poor.

From time to time protesters arrive at the hunt. "They are usually English," says a local farmer, a hunt member. "In Ireland, people don't have much time for that kind of thing."

The Pennsylvanians look as if they are about to fall asleep on their bar stools, totally exhausted. The Norwegian has a limp. There is talk of an open-to-all 15-mile cross country ride to raise money for a local children's home. "Maybe we'll go jumping right across the country," suggests one huntsman.

A hardy lot, these Galway Blazers. ■ *Would-be hunters should write to: The Hon Secretary, County Galway Hunt (The Blazers), Craghwell, County Galway, Ireland.*

صكا من الأصل



## TRAVEL

OK. Let's pretend the world's computer systems will all be working next January 1. Where would you most like to be then? Ian Holmes kicks off three pages of ideas

# Are you ready for 2000? If not, try this wish list...

If you are planning to be the first person on earth to greet the millennium - or at least what most people think is the millennium - you will be pleased to hear of this proposal.

There is a plan to brighten the millennium's arrival in eastern Siberia - marked by its proximity to the international dateline as the land where January 1 2000 will begin - with satellite-reflected sunlight.

While a trip to Siberia would certainly be one memorable way to commemorate this occasion, the 12 suggestions featured here are just as amazing and more fun.

Some are simply tricks of time-travel, playing on the novelty of crossing the date line; others are celebrations of the natural world or of human nature, chosen for the way they fulfil the spiritual, sensual and social needs that have defined evolution.

As 24-hour events, none will change the world, but they may alter your view of it. And, at the very least, they make a great armchair wish list.

## Catching first light: Chatham Island, New Zealand

In spite of attempts by their South Pacific neighbours to move the international date

line forward (or their clocks back), the 750 residents of Chatham Island, east of New Zealand, will be the first people on land to see sunrise on January 1.

Flying via Auckland on December 29, the Official First Light 2000 Tour is offering a one-week visit to the small island, which will briefly become a mecca for the world's media.

Accommodation in its only hotel limits numbers to 50 guests - all of whom will be able to tell their grandchildren they really were the first to see the dawn of the new age.

Cost: \$10,000 (\$20,000 per person). Contact: First Light 2000 Ltd. Tel: 0171-288 1081, fax: 288 0683.

## Catching first light (take two): the Tristar air cruise

For just \$40,000 (£24,100), you could join 87 guests on Christmas day aboard a Tristar jet, complete with bar and lounge, as it flies from Düsseldorf, via Bangkok and Bali, to arrive in Sydney on New Year's eve - for dinner aboard a cruiser in the harbour and the most spectacular fireworks display in the southern hemisphere.

Next morning, fly eastwards across the dateline to arrive in Maui, where it is still December 31, to celebrate your second New

Year's eve and millennial dawn.

Your 17-day world cruise finishes with four nights at the Rosewood Hotel "Las Ventanas", Los Cabos, Mexico.

Cost: \$40,000 per person, including flights from the UK. Consul Weltreisen: tel: +49 211 131176, fax: 211 131190.

## The top of the world: Thyangboche monastery, Nepal

For a novel spin on high style, fly to Nepal on December 29, and take a four-hour helicopter flight through the Valley of Mount Everest, followed by a champagne lunch on New Year's eve at the Buddhist retreat of Thyangboche - the highest monastery in the world - perched on a 12,716ft ridge, among the peaks of the Himalayas.

That evening, see in the new millennium with a party in the opulent regal ballroom, banquet hall and the casino of Kathmandu's Century Old Palace, once home of Maharaja Bir Shumsher. Before flying home, make time to visit the Royal Chitwan National Park.

Cost: \$3,795pp. Contact: Steppes East, tel: 01285-810267, fax: 810263.

Continued on opposite page



All at sea

M

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سكيا من الامم



■ **GISBORNE**, on the east coast of New Zealand, will be the first city to see the light of the new millennium. A 24-hour party is planned, starting at 11.57pm on December 31, with fireworks displays. Sailing ships from around the world, taking part in the Pacific Tall Ships festival, will join cruise ships, and Maori and Pacific island canoes, and greet the dawn with their canoes. The 2,000 cyclists who left Auckland two days earlier should arrive at the end of their 1,000km "2,000 First to the Sun" ride. Updates from [www.gisborne2000.org.nz](http://www.gisborne2000.org.nz) or +64 6 867 2000. Sandra Carpenter

■ **How will CALIFORNIA** celebrate day one of the millennium? Same as the other 365,000 or so days: partying. The plan is for a five-day concert covering 5,000 acres, with top bands and (they hope) 2.5m partygoers. Party 2000 will also feature the world's largest barbecue, world's largest fireworks display, world's largest carnival, and other modest treats. Tel: +1 888 723 5501 for details.

## update...update...update...update...update...update...

■ **SCOTLAND**, above all other countries, knows how to do New Year's. The Old Course Hotel in St Andrews has a Millennium Hogmanay planned. Three nights of celebration include a themed buffet one night, jazz dinner the next, and a Scottish Baronial Dinner Dance on December 31. There'll be a New Millennium Golf Tournament next day, or you can just make use of the spa. Cost from £875; details from +44 01334-474371.

■ **LONDON** proclaims itself Millennium City, on the (arguable) authority of the Greenwich Meridian - until the millennium starts there, it doesn't start anywhere. Don't bother with the Millennium Dome on December 31, it's open to invited guests only (for later packages with Dome tickets, try London Travel Service, 01992-456178, or Acom, 01432-830083). There will be festivities for lesser mortals nearby at the Royal Observatory: music,

fireworks, pageants; and the annual New Year Street Parade next day. Other millennium projects, including the Tube line extension to the Dome and the giant ferris wheel by the Thames, should be open on time... Best idea that nothing more has been heard of: freezing the river to recreate a 17th century frost fair. Updates on [www.london2000.com](http://www.london2000.com) or 0171-932 2000.

■ Watch the dawn from EVEREST base camp, with Himalayan Kingdoms (+44 0117-923 7163) - or, on one of its other millennium tours, from Punakha in Bhutan, from the Summit Hotel in Kathmandu, from Darjeeling, from the Maharajah of Jammu and Kashmir's palace at Palampur, or from a giant tented camp in the deserts of Rajasthan.

■ **REYKJAVIK** is one of nine European Cities of Culture for 2000. With luck, the Northern Lights will brighten the

millennium sky over Iceland; failing that, a multi-million pound fireworks display will do instead. But prices won't skyrocket, promises Arctic Experience (+44 01753-218800): a three-night millennium tour starts at £275 and includes city sightseeing, bathing in natural hot water and a full-day island tour. If Reykjavik is too big, welcome the big day at remote Lake Myvatn (boating on the frozen surface) or in Husavik, near the Arctic Circle.

■ Pythies, m'lord, greet the new era from your castle: 900-year-old AMBERLEY CASTLE, West Sussex, is all yours for the weekend. Take 40 friends and you'll pay £2,500 each, including meals and wine in the 12th century restaurant. All rooms have Jacuzzis and must have four-poster. Pastimes available locally include archery, clay pigeon shooting, falconry, quad biking and hot-air ballooning. Call +44 01798-831992.

■ Celebrate in the Carpathians with Voyages Jules Verne (+44 0171-618 1000). A five-day, £995 tour leaving London on December 29 for ROMANIA will visit Vlad the Impaler's castle, the medieval town of Brasov (for a banquet) and Bucharest, for a December 31 concert, another banquet, and a party till 3am in the People's Palace, said to be the world's second largest building. (Largest is the Pentagon; you probably won't be banqueting there.)

■ **SYDNEY** folk will all be down at the harbour on the big night, inaugurating a year that will also see them stage the Olympics. Fireworks, of course, with the harbour bridge and opera house as backdrops. A concert for kids and another for adults; street entertainers; a Sydney Mask Party, where revellers will don "Sydney lifestyle-inspired masks" (surely they can't all come as the Manly ferry?); a Lord Mayor's Picnic; and no doubt the usual

food and drink. Contact Aussie Helpline, 0891-070707, or [www.tourism.nsw.gov.au](http://www.tourism.nsw.gov.au)

■ Travel into the next century on one of ORIENT-EXPRESS's trains. The European one will be going from Paris to Venice to Portofino (New Year's eve party at the Hotel Cipriani); the Eastern & Oriental will go from Bangkok to Singapore (party at "a secret venue" - ie, "we're still working on it"); the Great South Pacific Express will run from Melbourne to Cairns (party in Sydney); the British Pullman will travel through the English countryside with a gala dinner, stopping at midnight for a platform party. Room, worldwide, for just 2,000 people, who should call +44 0171-805 5100.

■ **TONGA**, a tiny island just west of the date line, plans a month-long festival. New Year's eve will feature a Royal Banquet, prayer ceremonies and a waterfront party with traditional

singing and dancing. The only big hotel has been booked up for months, so most visiting revellers will be based on cruise ships moored offshore. Get the latest from [www.tonga2000.net](http://www.tonga2000.net) (not working yet) or phone +678 23507. SC

■ In PARIS for the new year? Paris Travel Service (01992-456025) can book you on a 200-seat Dinner Cruise vessel: a black-tie dinner and dance as you cruise the Seine on New Millennium's eve. Three-night packages start at £301.

■ No need to wait for Europe's SKI RESORTS to decide what special offers they will have for the millennium. Powder Syme (0181-871 3300) has already reserved rooms for guests; book now and you'll be informed of any new ideas made available later. Extras such as champagne and stretch limos are also bookable now. Prices start at £948 (for a week in Fims, Switzerland).

John Westbrooke

# All at sea as the champagne corks pop

Splicing the mainbrace in the Pacific? Bill Glenton looks at what cruise companies are offering those who want to party while afloat

**M**ost people aiming to be first across the line into the new millennium will need both well-balanced sea legs and bank account. Winners will have to take what may turn out to be a costly cruise in the Pacific.

The new century begins where the 180th meridian dissects that ocean and that is where five cruise ships will position themselves at midnight on December 31. Some 3,000 passengers are expected to celebrate aboard these ships.

The race to be first has already begun, with many of the berths sold out in spite of the high fares.

These range from £17,000 to £40,000 in the top-class sisters, Silver Wind and Silver Cloud, and from £8,000 to £22,000 in the smart Crystal Symphony. Cheap, by comparison, are the £2,500 to £6,500 in the lesser-rated Sky Princess, but that is for the cruise only.

Passengers, however, are promised double value for their money since they can celebrate the millennium twice.

This quirky situation results from the fact that the point where the ships cross the international date line, in the south-west Pacific, (it normally follows the 180th meridian) has been artificially bent east. Originally devised to bring some islands within the same time zone as commercial neighbour Australasia, it means passengers get an extra December 31.

Choosing which of the five ships to cruise in can depend on which of their itineraries you prefer.

The Crystal Symphony, 50,000 tons, makes a 17-night voyage from Auckland to San Francisco. The smaller Sky Princess will be on a 16-night trip between Sydney and Auckland via lonely Chatham Island, close by the Meridian, while the 70,000-ton Legend of the Seas makes a 21-night trip over a similar route.

The Silver Wind is bound from Cairns, Queensland, to Tahiti and the Silver Cloud from the latter to Auckland (15 and 14 nights respectively). Both meet up in Fiji to cross the meridian in tandem.

If being first is not that important there will still be



Shooze cruise: want to see in the millennium quietly - you can certainly do that if you pick the right ship

plenty of opportunities to celebrate the big event on a cruise - and, mostly, at lower prices.

Champagne corks will pop aboard ships from Bali to Rio and from the Caribbean to the Seychelles. The farther east you sail from Greenwich the closer you get to 2000, which makes somewhere like the Indonesian Islands a second-best choice.

It could be especially exciting to celebrate on an adventure cruise. Why not welcome in the millennium with the penguins and sea elephants in Antarctica? The British-run Marco Polo, 30,000 tons, will be among the small fleet in icy waters.

Too cold and too far? Then what about a cruise in Cunard's 24,000-ton Vista? Those who want a Christian celebration can opt for the 20,000-ton Pacific Princess's journey to the Holy Land.

Choosing the type of ship to suit the occasion could be a factor. Do you feel it is more appropriate to enter a new century in one of the many, ultra-modern ships - or do you prefer a more old-fashioned type of sea transport? If the latter, you can book in one of a score of comfortable sailing ships now cruising.

Those such as the Star Clippers and "Wind" ships will hold festivities from

Costa Rica to Malaysia.

On the other hand, why go to sea at all? Cruising one of several island waterways could provide extra attractions with the opportunity to join in with local celebrations. Trips along the Rhine, Danube and Nile offer a varied way of doing so.

Some sea-going cruises have also been arranged so that passengers are in port to share in the local fun at the witching hour. The smart Crystal Harmony will be in glamorous Rio de Janeiro amid its fireworks extravaganza while Cunard's first-class Royal Viking Sun enters into the festive displays in Acapulco.

The 70,000-ton QEII's pas-

sengers will have a calypso celebration in Barbados but if you prefer the greater intimacy of Cunard's luxurious 4,000-ton twins, the Sea Goddesses, you might also find it more suitable to enter a new millennium in the British Virgin Islands.

**O**ther than heading all the way to the Pacific there is a cruise which offers another kind of double celebration: P&O's 27,000-ton Victoria has been chartered to commemorate the centenary of the Union-Castle Line by following its once famous mail route to South Africa from South-

ampton. It will also mark the millennium in Cape Town.

A glass of sherry or whisky by your own fireside may seem as good a way as any to celebrate for many but the big demand to do so on a cruise shows it must hold a special appeal.

Perhaps it is the fact that there are few places better than a cruise ship to engender a lively party atmosphere - and there is certainly no need to worry about drinking and driving.

Nearly all the lines are preparing lavish entertainments including stage spectacles with leading artists; gala banquets; champagne midnight buffets and commemorative gifts. There will

also be "surprise items", which lines are keeping close to their chests although I suspect some will, unsurprisingly, be a variation on the King-Neptune-crossing-the-line theme.

No doubt it is all going to be exceptionally good fun but I advise caution about being carried away by what, in nearly every case, will be just a brief interlude on what is a normal scheduled cruise.

Will it be worth the extra high fares nearly all cruise companies are charging? You always pay more for a New Year cruise - mainly because demand is greater for this normally festive season - but some of the mark-

edly stiff rates being advertised for the millennium ones do look to me a little greedy. It definitely pays to shop around.

What will count after a week or two or more aboard will be not so much the special celebration as the overall standard of the ship, her service and its meals.

Most travel agencies have fairly full details of millennium cruises although the best bet are those specialising in seaborne holidays. You might also seek information from the Passenger Shipping Association, 235 Regent Street, London W1R 5HE. Tel: 0171-436 2449, fax: 0171-636 9226.

Continued from Page XVI

## Some like it cool, some like it hot

### The centre of the earth: Carlsbad caverns, New Mexico

For the most spectacular natural setting of any millennium celebration, head for the Carlsbad Caverns National Park, near New Mexico's Texas border.

There, at 10pm on New Year's eve, 250 guests will attend a choral ceremony, held 830ft underground, in a huge sculpted chamber once used by Pueblo Indians. The caverns are the largest in North America and are listed by the United Nations as a World Heritage Site.

Cost: On request. Contact: Carl Ecklund, tel: 001 619 580 1115, fax: 580 1115.

### The far corners of the globe: The South Pole expedition

Commemorate the spirit of human endeavour (and take

the most expensive holiday in history), by filling one of the three remaining places on a seven-person, 60-day expedition from the Antarctic coast to the South Pole. Flying via Chile in late October, the party, which includes two guides, hopes to arrive at the Pole on the evening of December 31.

No experience is required, but applicants must attend a polar selection course. Most wanted: fit, self-reliant team players, with big hearts and deep pockets.

Cost: £55,000 pp. The Polar Travel Company, tel: 01364-631470, fax: 631270.

### The rim of the planet: A Mig-25 flight from Zhukovsky, Russia

Flying at 80,000ft, at twice the speed of sound, you can look down from the cockpit of your Mig-25 supersonic, high-altitude interceptor and

actually see the curvature of the globe.

With 99 per cent of the earth's atmosphere below you, and only black sky above, you are cruising along the borders of space, on the cutting edge of a new millennium, in the fastest jet in the Russian airforce.

No pilot's licence is required. A three-day package from the UK includes return flights to Moscow, flight briefing, cockpit training and a medical check-up at the Zhukovsky airbase. One holiday video that really would impress the neighbours.

Cost: £7,465. Wildwings: 0117-484 8040, fax: 961 0200.

### The ancient world: Giza, Cairo, Egypt

From sunset, on December 31, a 12-hour festival of art and culture - symbolising the "12 dreams of the sun" - is to be held at the Pyramids

of Giza, celebrating the seventh millennium of Egypt's recorded history.

A new 9ft golden cover for the summit of Cheops pyramid will provide a focus for events, directed by French musician Jean-Michel Jarre.

Coinciding with Ramadan (hence no alcohol will be allowed), this event should make a fabulous finale to a Nile cruise, at a site in which spiritual significance spans time.

Cost: On request; Nile Cruises through Abercrombie & Kent: tel: 0171-730 9600, fax: 730 9676.

### The Christian world: Nazareth theme park, Israel

This real-life replica of a village from the time of Christ, in the town where Jesus spent most his life, is a working olive farm, vineyard and craft centre - and a his-

torical theme park, where staff and guests wear robes and sandals.

Planned to open next December, it will add a novel dimension to a visit to the Holy Land and a focus for a huge party and concert due to be held in Nazareth on New Year's eve.

Cost: On request. Contact: Israel 2000 Agency; tel: 00972 609 4755, fax: 609 4762.

### Celebrating the senses: Dar Tamana, Marrakech

A mélange of Moresque and Art Deco inspiration, Dar Tamana is the millennium's most desirable house-party destination.

Throughout 2000, it is offering an eight-day holiday package to celebrate the pleasures of the senses, featuring aromatherapy, using oils of organic plants from the Atlas Mountains; mas-

sages; cuisine from Morocco, India and Europe; impromptu concerts by Andalusian quartets, and stunning Costume Balls, with themes from "Casablanca" to the "Ancient Orient".

Cost: \$4,500-\$5,000pp, for 16-20 guests; Western & Oriental: tel: 0171-313 6800, fax: 313 6801.

### Sensational celebrations: the Ritz-Carlton millennium experience

An 18-carat gold Bulgari Chrono watch as your pillow, a magnum of Patek Philippe with two Baccarat flutes as mementoes beside your bed, a Jaguar for the weekend.

These little extras are all part of the Ritz-Carlton Hotels' millennium experience; so, too, are "signature services" - such as a ride on the P&O's Queen Elizabeth 2.

porary cuisine is excellent. Pipers, musicians and fireworks will be on hand to add to the festivities.

Cost: On request; Western & Oriental: 0171 313 6800, fax: 313 6801.

### A party for the world: 'On the line', London and Ghana

This is an inspired initiative between Oxfam, WWF, VSO, War Child and Channel 4, set up to organise events and educational programmes that celebrate life, culture and mutual understanding in the countries along the meridian line, including the UK, France, Spain, Mali, Ghana and Togo.

The focus of celebrations on the eve of the millennium will be twinned carnivals - featuring groups of musicians from every country involved - held simultaneously in London and in Accra, Ghana. Most definitely the places to be.

For more information about the "On the Line" project, contact: Oxfam, tel: 020 7470 0700, fax: 020 7470 0701.



## TRAVEL

# All white on the night?

Arnie Wilson discovers that the year 2000 is already causing headaches for the ski industry

**N**ever mind the end of the world (as we know it) - is millennium fever going to play havoc with everyone's skiing plans?

Many European hotels and British tour operators such as Ski Scott Dunn, Le Ski and Meraki are giving preference to regular clients. Some hotels will be insisting on a minimum stay of 12 or 14 nights and chalets that are normally available may not be in 2000. Even travel insurance could be a problem; some companies are bringing in exclusion clauses to cover delays caused by a "Year 2000 issue" which could even be extended to include medical, personal and repatriation elements.

Meanwhile, according to Snow Line, a specialist ski travel agent: "Tour operators risk blowing what should be a millennium bonanza if they continue to drag their heels over the announcement of prices and dates."

"They are playing a waiting game - they want to see what everyone else will be charging before coming up with their prices. Some will no doubt be greedy to maximise the profit margin."

Snow Line adds: "We have queues of people wanting to firm up their millennium holiday. Many are saying that unless the operators pull their fingers out they will be forced to make alternative arrangements. It's a ludicrous situation." To be fair, it is not just tour operators who are to blame for uncertainty. The situation is not helped by the fact that Christmas day 1999 and New Year's day 2000 are Saturdays - always an awkward situation in any normal year.

This poses a problem for hotels and apartments for whom Saturday is the traditional changeover day. Lizzie Norton of Ski Solutions has rather more sympathy for the tour operators than her Snow Line rivals have.

"Operators can only sell chalets on which they have contracts. But how can they possibly tell - without a long-term contract - whether they will still have the same chalets in 2000, especially as that might well be the one year when the chalet owners themselves want to spend the festive season in them? Some tour operators will not even have completed contracts until July."

"Most hotels are not taking

bookings until January. The big operators have pre-booking registration - early booking without deposits."

But is it worth the paper it is written on?

"One thing's for sure - no one will want to be leaving a resort on January 1 nursing a millennium hangover. All in all it's a bit of a nightmare for the poor travel agent in the middle. Millennium or not, I think suppliers are far too busy with this winter to worry about next season."

John Bennett, deputy chairman of Britain's Association of Independent Tour Operators, which represents 160 small, specialist travel companies, denies that operators are to blame for the delay in confirming bookings and prices. He says it is partly because European suppliers "simply don't understand all the

**'We anticipate strong demand for self-drive and independent travellers'**

interest in the millennium from people in the UK". Says Bennett: "It's difficult to get prices out of hoteliers, for example. They normally fix prices for the winter season in March or April, and they cannot understand why we need them earlier for the millennium. And while there may be some profiteering by suppliers, don't forget that hoteliers may have to pay many times the normal rate to ensure staff work over the millennium." Meanwhile the Association of British Travel Agents has advised its members that Year 2000 exclusions in travel insurance are "a most serious matter".

In a circular, ABTA says: "If members sell an insurance policy to a client travelling during the millennium, even pointing out that there is no medical cover, it may not prevent you from being sued successfully. It is quite possible that a court would say it is unreasonable to sell a client an insurance policy that does not actually cover him for what is the client's eyes would probably be the largest risk."

Most companies, including

Commercial Union and General Accident, and specialist brokers such as Fogg Travel Insurance, have decided not to enforce exclusion clauses which relate to emergency medical expenses. "This could lead to a bizarre scenario," Ken Palmer, Fogg Travel's general manager, says. "This means our insurers are providing cover for a catastrophe such as a plane falling out of the sky with 400 people on board, but they will not cover a client's bag, being sent to Alaska instead of Athens if the cause is due to a Year 2000 problem. But we have reason to believe there are still companies which are not making an exception for emergency medical expenses. It is vital that skiers check with their insurance companies."

Joanna Yellowlees-Bound, of Enns Low, says French self-catering apartment agencies have not yet decided prices or details. "The only thing they agree on at present is that the arrival date will change to Sunday-to-Sunday - December 26 to January 2. And then in mid-January there will be a six-day week to bring it back to the normal Saturday arrival dates."

"One agency is talking of increasing the prices by 30 per cent on the basis that they will be including extra services in resort, such as champagne and involvement in millennium parties - but this is all very vague. We are accepting bookings on a refundable-deposit basis of £100 per booking, so that clients can be sure of getting the accommodation they want."

"Although we do not know the prices, we know we will have our usual allocation. If, when prices are released, the client does not want to go ahead, we will refund in full."

"We are anticipating a strong demand for self-drive and independent travellers - especially as a lot of people have a fear of the millennium bug and may not want to fly and get involved with airlines' computer systems."

Bennett suggests a better idea would be to ski later in the winter.

"Why book a trip for that one-week period over the New Year when there's so much doubt about what can and cannot be guaranteed? By skiing later you can avoid the risk of inflated prices or problems outside the control of your tour operator."



Jump for joy and celebrate New Year in the snow. But how many skiers will want to leave resorts on January 1 2000 - a Saturday

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## It's not neo-classical, it's the real thing

John Westbrooke enjoys the best spot in Sorrento

**I**f you want to know what makes the Grand Hotel Excelsior Vittoria grand, look out of the window. Nothing much below - the hotel is perched on the edge of a 150ft cliff - but beyond the classical busts adorning the terrace walls is a view of, yes, grandeur: the Bay of Naples and, on the horizon, Mount Vesuvius.

There are 100 hotels here in Sorrento, a pretty town of 20,000 people, but this is one of the few open year-round. Technically, it has four stars: "We have been told we should be a five-star hotel," says the manager, Mario Damiano. "But we would have to pay much more in tax. Anyway, we know we are five-star."

The Excelsior Vittoria certainly has the best spot in Sorrento. On the land side, a driveway through a five-acre garden of orange groves and olive trees leads to the Piazza Tasso, in the middle of town, close to the pedestrian streets, the railway station, the shops full of inlaid wood (tacky) and limoncello liqueur (tasty). On the sea side is a private lift which takes guests down the cliff to the modest fishing port and piers, and to the ferries and hydrofoils that will whisk them off on day trips to Naples or Capri.

Inside, the hotel has a pleasantly old-fashioned feel. Among the chain-hotel goodies not on offer: toothbrushes, ankle-deep carpets and chocolates on your pillow, all things which would have baffled the 19th-century grand tourists who first made Sorrento an unofficial British colony.

What you do get is the things they would have appreciated in their own

country houses: big rooms, civilised eating and a view. Damiano lives over the shop, and guests are invited to phone him if they have problems. He does get some silly calls, he admits, but that is the price of providing personal attention. The only meanness: notices warning that any food from outside the hotel placed in the minibar will be charged for.

Much of the furniture and the prints on the walls are old (the mirror in my room was losing its reflectivity, just like some in country houses). So, it turned out, were the statues in niches in the stairwells, which I had taken for neo-classical. They are the real Roman thing, dug up in excavations on the property: Augustus, it is said, once had a villa on this site.

More recently, Caruso and Sophia Loren stayed here. Jack Lemmon and Juliet Mills were filmed here in Billy Wilder's sunny comedy *Analogue*.

My own room was part of the Princess Margaret suite, named after another guest, with a gigantic bed and a balcony which wrapped around the corner, accessible through French doors

Seven centuries after Marco Polo returned to Italy with tales of Kublai Khan and the orient, four British women plan to take the Silk Road east by horse and camel.

The idea came from Sophia Cunningham, who studied the history of the ancient trade route during her degree course, with her

from bathroom as well as bedroom.

Marble or ceramic walls, bas-relief carving and frescoed ceilings decorate a number of rooms, including an assembly room which was once a cellar and a wartime US army base where General Mark Clark came to watch the tarantula dance.

But the finest spot is the dining room, under a series of shallow domes with trompe l'oeil frescoes in which putti frolic against a blue sky. The cooking is broadly Mediterranean rather than Italian.

**I** had a French-influenced pork dinner with breaded mozzarella to start and gelato to finish: excellent, but I suspect that, with Sorrento at one end of the room, Vesuvius at the other, and angels dancing overhead, I would even have enjoyed a Big Mac.

Begun in 1834, the Excelsior Vittoria has been owned by the same family ever since. It consists of two vaguely classical buildings in Pompeian red and Neapolitan yellow, with a large Swiss chalet in between. A fourth wing was demolished after an earthquake in 1939,

and plans for rebuilding. Damiano says, are enmeshed in local bureaucracy.

Trips are available around the Sorrento peninsula, taking you to Positano and Amalfi, and to Pompeii and Herculaneum, still very slowly being dug up from the ash and mud which Vesuvius dumped on them in AD79. The finest artworks from them are now in Naples; I found the Everyman guide to Pompeii the best.

And you can go up Vesuvius. The funicular which once went there (the song "Funiculi Funicula" was composed for its opening) has long closed but you can drive most of the way up. Then climb the last kilometre up a grey cinder track, to peer down into a crater which looks dull and quiet but is surely only dormant.

The Grand Hotel Excelsior Vittoria can be booked through tour operators such as Magic of Italy (+44 0181-748 7375), or direct on 0800 969 765 1677 5358 (toll-free). Rooms start at about £60 per person. Free pickups from Naples airport are provided, although the hunt for my driver reminded me that *fiasco* is an Italian word.

## In search of a changing Silk Road

will be Lucy Kelaart, Alexandra Tolstoy and Victoria Westmacott, all former fellow students at Edinburgh University.

The trip is being undertaken to help raise funds for Merlin, a British charity providing emergency aid to world disaster areas.

Why now? Because the route is still much as Marco

Polo would have seen it (if he went) - and because it won't be for much longer. The building of airports and hotels and improvements to the road will mean easier access for tourists. "So that's why we want to do it now. It'll never be the same again," Cunningham says.

Sponsorship inquiries welcomed: tel 01745-313293.

سكزا من الامل



## INTERNATIONAL ARTS GUIDE

What's on  
around the  
world

## AMSTERDAM

**EXHIBITIONS**  
Rijksmuseum  
Tel: 31-20-673 2121  
● Adriaen de Vries (1586-1626): Imperial Sculptor. Major exhibition celebrating the work of the Dutch sculptor, who worked for Emperor Rudolf II among other European courts. Around 40 bronzes will be on display, borrowed from public and private collections in Europe and the US. One highlight will be the fountain statues from the gardens of the Swedish palace of Drottningholm, reconstructed in the museum's Gallery of Honour; to Jan 14.  
● Japanese Scrolls: 40 works from the collection of the Kumamoto Prefectural Museum of Art in Japan. These include depictions of courtesans, daily life and poetic illustrations of nature; to Jan 17.  
● The Festival of Lithography: celebration of the 200th anniversary of the discovery of lithography. Based on the mutual repulsion of water and fat, this new printing technique represented a major advance, and meant that for the first time it was unnecessary to scratch and cut into a plate. The exhibition consists of works from the collection, including lithographs by Toulouse-Lautrec, works by Cézanne, Manet, and Dutch artists including Van Gogh; to Jan 10.

## BARCELONA

**EXHIBITION**  
Fundació Joan Miró  
Tel: 34-93-329 1908  
www.fundaciojmiró.es  
Magritte: an exhibition celebrating the centenary of René Magritte's birth. It contains over 90 paintings and 50 photographs by the Belgian Surrealist, which are grouped into 5 recurrent themes from his work; to Feb 7.

## BERLIN

**EXHIBITION**  
Hamburger Bahnhof  
Sensation: works from the Saatchi collection of Young British Artists including Damien Hirst, Rachel Whiteread and the Chapman brothers. Originated at the Royal Academy in London last year, where it attracted 350,000 visitors and maximum publicity; to Jan 17.

## BIRMINGHAM

**EXHIBITION**  
Birmingham Museums and Art Gallery  
Tel: 44-121-235 2834  
Sir Edward Burne-Jones: comprising more than 200 works, including tapestries and jewellery as well as paintings. A second generation Pre-Raphaelite, Burne-Jones also had a lifelong working relationship with William Morris, for whose firm he worked as principal designer. The exhibition will travel to Paris later this year; to Jan 17.

## BONN

**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-228-917 1200  
www.kah-bonn.de  
High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-34). The early 16th century saw Papal Rome establish itself as the centre of art in Europe: the Vatican commissioned works from such great artists as Leonardo da Vinci, Michelangelo and Raphael. This exhibition displays some of the masterpieces that resulted, as well as detailing the contexts in which they were produced; to Apr 11.

## CHICAGO

**EXHIBITIONS**  
Art Institute Of Chicago  
Tel: 1-312-443 3600  
www.artic.edu  
● Japan 2000: Kisho Kurokawa. This finale of a trio of exhibitions is a celebration of the work of one of Japan's most distinguished architects; Kisho Kurokawa Gallery; to Jan 3.  
● Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, Darwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition will travel to San Francisco; to Jan 3.

## COLOGNE

**OPERA**  
Oper der Stadt  
Tel: 49-221-22 8240  
Die Vögel: first modern staging for Walter Braunfels's opera. Premiered in 1920, it was banned by the Nazis and largely forgotten until a recent recording. This production is conducted by Bruno Weil and staged by David Mouchtar-Samorat; Jan 2, 8.

## COPENHAGEN

**EXHIBITION**  
Louisiana Museum of Modern Art, Humlebaek  
Tel: 45-4919 0719  
www.louisiana.dk  
Jean Miró: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10.

## DUBLIN

**THEATRE**  
Abbey Theatre  
Tel: 353-1-878 7222  
The Rivals: by Sheridan. New



'Perseus and Andromeda', 1863: an exhibition of Eugène Delacroix's later work ends tomorrow at the Philadelphia Museum of Art

production directed by Brian Brady and designed by Conor Murphy, with lighting by Trevor Dawson; to Jan 23.

## EDINBURGH

**EXHIBITION**  
National Gallery of Scotland  
Tel: 44-131-624 6200  
Turner Watercolours: shown every January for 90 years, this magnificent selection of 38 watercolours was bequeathed by Victorian collector Henry Vaughan in 1900; to Jan 31.

## FRANKFURT

**EXHIBITIONS**  
Schirn Kunsthalle  
Tel: 49-69-299 8820  
● Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3.  
● Treasures from King Zhao Mo: king Zhao Mo's tomb, sealed in 122 BC, was accidentally discovered in 1983 by construction workers. This exhibition displays the many treasures buried with Zhao Mo, the first time they have been seen in the west; to Jan 22.

## HAMBURG

**EXHIBITION**  
Kunsthalle  
Kandinsky, Chagall, Malevich and the Russian Avant-Garde: show tracing the art movements between the Russian revolutions of 1905 and 1918, and focusing on attempts by artists to fuse aspects of folk culture with Western modernism. Many of the 100 works on display are on loan from Russian museums; to Jan 10.

## HARTFORD

**EXHIBITION**  
Wadsworth Atheneum  
Pieter de Hooch (1629-1681): previously seen at Dutch Picture Gallery, this first-ever one-man show of the Dutch painter offers a reassessment of his work. Less celebrated than his contemporary, Vermeer, de Hooch was a pioneer in his own right, and a specialist in maternal and domestic subjects; to Feb 27.

## HELSINKI

**EXHIBITION**  
Museum of Contemporary Art  
Tel: 358-0-173 361  
Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984); to Jan 24.

## HOUSTON

**EXHIBITIONS**  
Museum of Fine Arts, Houston  
Tel: 1-713-639 7750  
www.mfah.org  
● A Grand Design: The Art of the Victoria and Albert Museum. North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da

Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy. The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10.  
● Brassai: The Eye of Paris. A retrospective of Brassai's work that coincides with the 100th anniversary of his birth. Dubbed 'the eye of Paris' by Henry Miller, Brassai celebrated that city in photographic series like 'Dance', 'Society' and 'Griffiti'. The exhibition includes the widely-acclaimed 'Paris at Night' series: photographs taken during nocturnal wanderings with the flâneur and poet Léon Paul Fargue. Also on view are portraits of other artists and writers of Brassai's time, among them Dali, Picasso and Genet; to Feb 28.

## LAUSANNE

**EXHIBITION**  
Musée Cantonal des Beaux-Arts  
Tel: 41-21-312 6332  
Courbet - artist and promoter: more than 70 paintings by Gustave Courbet (1819-77), including landscapes, portraits and nudes. The exhibition concentrates upon Courbet's artistic output after 1855, especially that produced during his exile in Switzerland; to Feb 21.

## LILLE

**EXHIBITION**  
Palais des Beaux-Arts  
Goya: un regard libre. Small-scale exhibition which explores the range and peculiarities of the painter's work. The 50 works on display include loans from around the world; to Mar 14.

## LISBON

**EXHIBITION**  
Fundação Arpad Szenes - Vieira da Silva  
Tel: 351-1-388 0044  
Alberto Giacometti: Arpad Szenes and Vieira da Silva met Giacometti in the 1930s, through gallery owner Jeanne Bucher. The 19 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui marche; to Jan 31.

## LONDON

**EXHIBITIONS**  
British Museum  
Tel: 44-171-636 1555  
The Golden Squire: Stamford Raffles and the East. Display bringing together biographical material with objects collected by the self-taught scholar who is chiefly remembered as the founder of Singapore. Includes musical instruments, masks and shadow puppets collected by Raffles when he was Lieutenant Governor of Java (1811-16), and plant and animal drawings; to Apr 18.

Royal Academy of Arts  
Tel: 44-171-300 8000  
Charlotte Salomon: born in Berlin in 1917, Charlotte Salomon died in Auschwitz in 1943, after living in hiding in the south of France for three years, during which time she produced a series of 769 gouaches called Life? Or

Theatre?, exhibited here, which has been interpreted as a form of self-protection against the violence of the Nazi era; to Jan 17.

## TATE GALLERY

Tel: 44-171-887 8000  
John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17.

## VICTORIA AND ALBERT MUSEUM

Tel: 44-171-938 8500  
Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. A member of the fin-de-siècle avant-garde, Beardsley left England for Dieppe following Wilde's disastrous libel action and subsequent imprisonment in 1895. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10.

## THEATRE

**Albery**  
Tel: 44-171-876 1115  
Mr Puntilla and his man Matti: Kathryn Hunter's production of Brecht's satirical comedy moves from its October run in the Almeida Theatre to the West End. Comic duo Sean Foley and Hamish McCall play the title roles; Jan 2, 4, 5, 6, 7, 8.

**National Theatre**  
Tel: 44-171-928 2262  
Betrayal: by Harold Pinter. Trevor Nunn directs Pinter's 1978 play, with a cast including Anthony Calf and Imogen Stubbs; Lyttelton Theatre; Jan 2, 4, 8.

## MUNICH

**EXHIBITION**  
Haus der Kunst  
Tel: 49-89-211270  
Lyonel Feininger (1871-1956): From Garmisch to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24.

## NEW YORK

**EXHIBITIONS**  
Brooklyn Museum of Art  
Tel: 1-718-638 5000  
Royal Persian Paintings: the Qajar epoch 1785-1925. Display of life-sized portrait paintings, manuscript illumination and decorative arts which were the specialties of this previously overlooked period of Iranian art history; to Jan 24.

## GUGGENHEIM MUSEUM

Tel: 1-212-423 3500  
www.guggenheim.org  
1999, Rendezvous: In their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation

has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24.

## GUGGENHEIM MUSEUM SOHO

Tel: 1-212-423 3500  
www.guggenheim.org  
Premises: Invested Spaces in Visual Arts, Architecture & Design from France, 1959-1988. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10.

## METROPOLITAN MUSEUM OF ART

Tel: 1-212-879 5500  
www.metmuseum.org  
● Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s. Mainly they are figure studies, self-portraits and portraits of the artist's circle; to Jan 3.  
● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3.  
● Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian armourer of the 16th century. Includes more than 60 richly decorated suits of armour, worn by Renaissance kings and captains. Includes public and private loans from Europe and North America; to Jan 17.  
● The Nature of Islamic Ornament, Part II: Vegetal Patterns. Second in a four-part series on Islamic ornament from the 8th to the 18th century. Includes rare brocades and carpets; to Jan 10.

## MUSEUM OF MODERN ART

Tel: 1-212-708 9480  
www.moma.org  
● Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2.  
● Projects 66: Campana/Ingo Maurer. Exhibition bringing together works by German lighting designer Ingo Maurer and Brazilian furniture designers Fernando and Humberto Campana; to Jan 19.

## PIERPOINT MORGAN LIBRARY

Tel: 1-212-685 0008  
Master Drawings from The State Hermitage Museum, St. Petersburg, and The Pushkin State Museum of Fine Arts, Moscow. 120 European drawings dating from the 15th to the 20th centuries, some of which have never before been exhibited outside Russia. Includes works by Rembrandt and Dürer, with particular emphasis on the modernists Matisse and Picasso; to Jan 8.

## OPERA

**Metropolitan Opera, Lincoln Center**  
Tel: 1-212-362 6000  
www.metopera.org  
Die Fledermaus: by J. Strauss. Revival conducted by Patrick Summers. Cast includes Carol Vaness, Jochen Kowalski and Bo Skovhus; Jan 2, 8.

## OTTAWA

**EXHIBITION**  
National Gallery of Canada  
Tel: 1-613-990 1985  
Songs on Stone: James McNeill Whistler and the Art of Lithography. Previously seen in Chicago, around 200 works by the American expatriate, including drawings, etchings and paintings; to Jan 3.

## PARIS

**EXHIBITIONS**  
Grand Palais  
Tel: 33-1-4413 1730  
● Gustave Moreau: more than 140 works by the Symbolist painter, held in high esteem by his literary contemporaries. Includes studies and drawings as well as oils, many of them depictions of historical and mythical subjects; to Jan 10.  
● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition has been seen in Washington and Bergamo; to Jan 11.

**Musée d'Orsay**  
Tel: 33-1-4049 4814  
www.musee-orsay.fr  
● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3.  
● Stéphane Mallarmé (1842-1898): retrospective exploring the work of the French Symbolist poet, and his influential relationship with his literary and artistic contemporaries; to Jan 3.

## Musée du Louvre

Tel: 33-1-4020 5151  
www.louvre.fr  
Portraits from Roman Egypt: touring exhibition of mummy portraits, originated at the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4.

## PHILADELPHIA

**EXHIBITION**  
Philadelphia Museum of Art  
Tel: 1-215-763 8100  
www.philamuseum.org  
Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40

works on paper from private and public collections around the world; to Jan 3.

## PRAGUE

**DANCE**  
National Theatre of Prague  
Tel: 420-2-2108 0131  
www.anet.cz/cnd  
The Nutcracker: by Tchaikovsky, in a staging by Russian choreographer Yuri Grigorovich, with sets and costumes by Simon Vrsaladze; Jan 5.

## PROVIDENCE

**EXHIBITION**  
The RISD Museum  
Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings and gods, animals, and inlaid boxes ranging over 5000 years. Includes works borrowed from public and private collections in the US and Europe; to Jan 3.

## ROME

**EXHIBITIONS**  
Palazzo delle Esposizioni  
Tel: 39-06-474 5903  
Valori Plastici: taking its title from that of a short-lived magazine published by Roman art dealer Mario Broglio, who managed such names as De Chirico, this show includes sculpture and paintings, mainly by Italian artists, but also including little-known works by Picasso, Klee and Gross; to Jan 18.

## Palazzo Ruspoli

Tel: 39-6-6830 7344  
www.palazzoruspoli.it  
The Denis Mahon Collection: last stop for the touring exhibition of more than 80 Italian Baroque paintings collected by Denis Mahon. Includes works by Guercino; to Jan 15.

## ROTTERDAM

**EXHIBITION**  
Kunsthal  
Tel: 31-10-440 0300  
Up to the bare bones: Human remains in museums. An estimated hundred thousand human beings find their last resting place in Dutch museums, whether in the form of mummies, skulls, skeletons, reliquaries or otherwise. This exhibition is the first to address this phenomenon directly, presenting exhibits from medical, sacral, ethnographical and archaeological collections; to Jan 10.

## SAN FRANCISCO

**CONCERTS**  
Davies Symphony Hall  
Tel: 1-415-864 6000  
www.sfsymphony.org  
San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Mendelssohn, Barber and Mahler. With violin soloist Gil Shaham; Jan 6, 7, 8.

## TOKYO

**EXHIBITION**  
Metropolitan Museum of Photography  
Tel: 81-3-3290 0031  
Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; to Jan 17.

## VIENNA

**OPERA**  
Staatsoper  
Tel: 43-1-51444 2960  
Eman: by Verdi. Conducted by Seiji Ozawa in a new staging by Graham Vick; Jan 3.

## WASHINGTON

**EXHIBITIONS**  
National Gallery of Art  
Tel: 1-202-737 4215  
www.nga.gov  
● Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farsetti. Among the 14 artists represented are Bernini and Algardi; to Jan 18.  
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as the Potato Eaters (1885), Self-Portrait as an Artist (1888), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3.

**Phillips Collection**  
Tel: 1-202-387 2151  
Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pisarro, Caillebotte, Gauguin and Renoir; to Jan 3.

**OPERA**  
Washington Opera, Kennedy Center  
Tel: 1-202-295 2400  
www.dc-opera.org  
Die Entführung aus dem Serail: by Mozart. L.A. Opera production by Michael Hampe, conducted here by Heinz Fricke; Eisenhower Theater; Jan 3, 7.

## ZURICH

**EXHIBITION**  
Kunsthaus Zurich  
Tel: 41-1-251 6765  
Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Léger and Rouault; to Jan 3.

Arts Guide by Susanna Rustin  
e-mail: susanna.rustin@ft.com  
Additional listings supplied by Artbase, Tel: 31-20-664 6441  
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## WEEKEND INVESTOR

## The euro in your pocket

The European single currency is up and running. Britain has not joined but Jean Eaglesham believes the effects will be profound

It might seem tempting simply to ignore the new European era that dawned yesterday with the birth of the single currency. Given the UK's decision to stay out of the first wave of economic and monetary union, many Britons may take an ostrich approach to the Euro and pretend it simply doesn't exist. "By and large, I think it will pass them by," says Michael Wroble, at fund manager Gartmore. But this could be a mistake.

The single currency will have a profound, if not necessarily immediate, impact on many aspects of UK life. "People will be thinking 'Europe in investment terms in a very short space of time,'" says Brian Tora, at stockbroker Greig Middleton. "There is every reason to believe these changes will be upon us faster than we can imagine."

Indeed, even the most parochial Britons may find the changes impossible to ignore. "Investors will have to consider the impact of the Euro on their UK [and A] share portfolios," says Jeremy Tigue, at NatWest. "There is every reason to believe these changes will be upon us faster than we can imagine."

Senate backs Clinton's UN bid. The prospect of a Clinton administration has sent a shock through the Senate. The Senate has approved Clinton's UN bid, a move that will allow him to pursue his policy of unilateralism. The Senate has also approved Clinton's UN bid, a move that will allow him to pursue his policy of unilateralism.

The euro is just another

According to Valerie Thompson at Bureau Européen des Unions de Consommateurs, a European consumers' group: "If consumers do not have the confidence to buy abroad because, for example, they will lose their statutory rights, then there will be no competitive pressures."

Do I have to take euros when I travel to other European countries? You do not have to jettison your French francs or pesetas just yet. While the euro zone currencies are all irrevocably fixed in relation to the euro, they will not be withdrawn until July 1 2002.

The extent to which you will see goods and services priced in euros, as well as the local currencies, will vary a lot, though. Mike Thompson, at Barclays Bank, says: "In some countries, such as France, you can see euros all over the place already. But in Spain, for example, there's not much evidence of them."

For most people, the answer is no - at least, not yet. If you go to Europe just once or twice a year, the easiest option is simply to continue using the old currencies. If, for some reason, you want to pay for something in euros, you can use your normal credit or debit card and the amount will be converted into sterling in the same way as a payment in any other currency.

If, however, you travel a lot between countries in the euro-zone, a euro account could reduce the bother - and fairly hefty cost - of juggling between lots of different currencies. There are not that many euro-products to choose from in the UK. Only a few banks, including Barclays, Cater Allen and Citibank, have ventured into this market.

The options include euro-denominated travellers cheques, current accounts and payment cards linked to those accounts. But there are no euro-credit cards as yet.

## Crystal ball gazing

Jeremy Tigue, Foreign & Colonial. This time last year, everyone was concerned that the Asian financial crisis would cause an economic slowdown in the rest of the world and lead to sharp falls in equity markets.

However, western markets shot up in the first half of the year as it was believed that the main effect of the Asian crisis was to reduce inflationary pressures and prolong the Goldilocks economic expansion where the economy is not too hot, not too cold, but just right.

The Russian devaluation and debt default in August punctured this optimism, but markets soon regained their poise thanks to interest rate cuts around the world.

The most important lesson from 1998 is the power of lower interest rates to propel equity markets upwards. Interest rates will need to fall further to keep this progress in 1999.

Japan remains difficult to access. Most of the news in 1998 has been awful, but the stock market has proved fairly resilient and the same might happen in 1999.

However, the greatest uncertainty is in the US. Leading stocks have done exceptionally well but the share prices of many small and medium-sized companies have fallen. Strong liquidity is likely to continue to sustain the US, but the risks rise every year.

PETER KNAPTON, Legal & General Investment Management. In 1999, we expect world stock markets to remain dominated by international issues. The prime driver for equities will be the substantial liquidity flowing from institutional investors rather than corporate earnings growth.

Indeed, we expect slower world economic growth in 1999 will have a negative impact on the growth of corporate earnings.

Commodity prices may recover but inflation will remain low because of corporate restructuring, surplus capacity, and lower exchange rates in emerging economies. A significant risk is that some economies will slip into deflation.

World equity market valuations are high and corporate earnings will grow slowly, if at all, in 1999. However, we expect equity markets to make progress as interest rates fall rapidly and bond yields remain supportive.

The Japanese stock market has the greatest potential but also the highest risk. It might well be that the market needs to hit new lows before the government is forced to provide the necessary stimulus.

## Diary of a Private Investor

## More in hope than reality on the road to success

Kevin Goldstein-Jackson has some tips for business tyros

When the Queen opened the new session of parliament in the UK in November, and outlined the government's proposed legislative programme, she told the assembled peers and MPs: "Productivity will be improved by measures addressing competition, investment, entrepreneurship, and improving the skills of the British people."

I am delighted the Labour government is to encourage entrepreneurship. Having founded several successful companies, one of which I steered to a stock market quotation, I know what it feels like to start a business from nothing, attract finance, and build it into something worthwhile. I have also been an active investor in a variety of start-up and growing businesses.

But what some would-be entrepreneurs claim they want is not necessarily what they need.

Over the years, I have waded through hundreds of business proposals. What I have read has often been shocking. Many people have no idea how to write a business plan, yet they have taken advertisements in newspapers and magazines to appeal for funds, and then sent inquirers expensive printed brochures that were badly written (sometimes with spelling errors) and containing figures that did not add up.

Most British high street banks offer free "business start-up guides" even to non-customers. There is, therefore, no excuse for not getting such a guide, many of which include a form of estimated costs that included, incredibly, utility bills less than I pay for my home. How did the company

expect to run engineering equipment at such low cost? It transpired that the applicant had read somewhere that a particular venture capital firm looked for a return of 20 per cent a year. He assumed that all investors wanted that return. But when his original costings produced much lower profits, he cut many of them arbitrarily in order to boast a "bottom line 20 per cent profit".

Sometimes, when I have queried outline proposals for especially heavy start-up costs, it is revealed the applicant feels he must have a top-range Mercedes

front man to assist them. The Prince's Youth Business Trust sets a good example of practical and financial help to entrepreneurs. Since its foundation by Prince Charles in 1986, it has helped more than 40,000 young people to start small businesses, some of which have grown to sizeable firms.

The trust's average low-cost loan is between £2,000 and £2,500. But it also provides a volunteer business adviser/mentor to assist each business. This is crucial to its success. And, with greater funding and support, it could do far more.

Although the government's recent white paper on competitiveness reveals plans for extra support for the Business Link Network, much more should be done to publicise the Link's "specialist help" services for start-up operations. (The Link has about 240 advice centres.)

Perhaps universities and colleges could provide a "practical entrepreneurship" qualification where each student spends most of their time running their own real business but has the benefit of tuition from experienced business folk.

At the British Venture Capital Association annual dinner on November 26, Peter Mandelson, the then trade and industry secretary, said he was "particularly concerned that pension funds and others may be overly cautious" at investing in "innovative, early-stage companies".

I would love to invest some of my pension fund in start-up, unquoted businesses. Sadly, I cannot - because Inland Revenue rules prevent such investment by self-invested personal pension schemes (SIPPs). The government should change the rules.

What many of them need are lessons in reality, and mentors. A number of people with excellent ideas are either not very good at form-filling or are not adept at promoting ideas

## Mid-Cap Europe marches to the beat of a different drum

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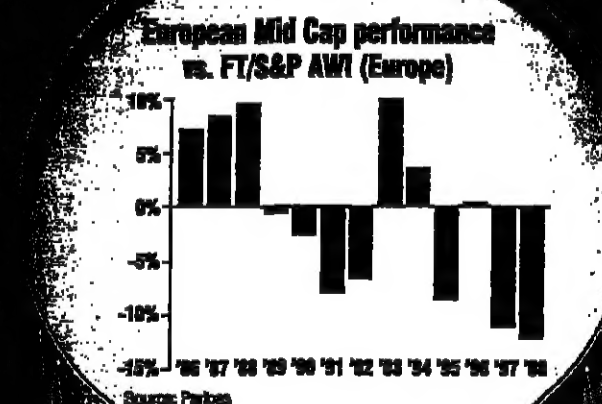
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Last week's interim results					
Company	Year	Half	Pre-tax profit (£m)	Profit after tax (£m)	Dividend per share (p)
Golden Land Ind	1998	3rd	0.1738 (0.0688)	-	-
Just	1998	3rd	0.053 (0.051)	-	-
Radiant Metal	1998	3rd	0.0258 (0.0388)	-	-
Zetters	1998	3rd	0.705 (1.09)	4 (5.5)	-

Figures in parentheses are for the corresponding period. Dividends are shown net of tax on shares, except where otherwise indicated. Last week's interim results are shown in pence and pence per share. All figures are in £m unless stated otherwise. All figures are in £m unless stated otherwise.

Last week's preliminary results					
Company	Year	Half	Pre-tax profit (£m)	Profit after tax (£m)	Dividend per share (p)
Calsonic Trust	1998	3rd	0.048 (0.049)	0.05 (0.13)	-
Enterprise VCI	1998	3rd	0.433 (0.416)	0.41 (0.52)	3 (0.14)

Results due next week					
Company	Year	Half	Pre-tax profit (£m)	Profit after tax (£m)	Dividend per share (p)
Abbay	1998	3rd	0.1738 (0.0688)	-	-
Golden Land Ind	1998	3rd	0.1738 (0.0688)	-	-
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Zetters	1998	3rd	0.705 (1.09)	4 (5.5)	-

Private Investor Indices					
Capital performance	20/12/1998	1 month	3 months	6 months	12 months
Growth	2848.01	2.20	15.55	13.90	54.04
Balanced	2559.72	2.06	12.80	13.00	45.11
Income	2106.39	1.84	9.00	11.85	31.13

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